AUG 22 1957
JOHN T. FEY, Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM—1957

No. 248

MASSEY-HARRIS-FERGUSON, LIMITED

Petitioner,

vs.

HON. MARION SPEED BOYD, UNITED STATES DISTRICT JUDGE FOR THE WESTERN DISTRICT OF TENNESSEE,

Respondent.

APPENDIX TO RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI.

LOWELL W. TAYLOR,
950 Commerce Title Building,
Memphis (3), Tennessee
Counsel for Respondent

Of Counsel:
WILLIAM A. PERCY.

TOOF MEMPHIS

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PROCESSES SERVED.

"I received the within summons and Complaint and executed same by going to 1332 Louisiana, Memphis, Tennessee, and handing a true copy of this return to Mr. V. N. Detling, Assistant Branch Manager for the Massey-Harris-Ferguson, Inc., and Massey-Harris-Ferguson, Ltd., in Memphis, Tennessee, *who accepted service for the above named companies* this 21st day of August, 1956, at 3:50 P.M." (Filed in Memphis August 22, 1956).

* * *

"I received the within summons together with the Complaint and executed this return at Detroit, Michigan, August 27, 1956. I served the within named Massey-Harris-Ferguson, Ltd., by giving a copy of this summons together with the Complaint to Mr. H. G. Klemm, Vice-President of the within named Massey-Harris-Ferguson, Ltd., at Detroit, Michigan." (Filed in Memphis September 4, 1956).

ALL FERGUSON BUSINESS IN WEST TENNESSEE CONDUCTED BY LIMITED COMPANY.

H. H. Bloom

The following from the testimony of H. H. Bloom:

"Q. In June, July and August, 1953, insofar as official capacity and voice in management was concerned, you were second only to Mr. Duncan insofar as the affairs of the Massey-Harris Company, Ltd., were concerned, is that right?

A. That's right." (Tr. p. 207).

* * *

"Q. Your title in those months in 1953 with Massey-Harris Company, Ltd., was first vice president, United States Division, was it?

A. Yes, that's right; that was set up in two ways; there were two titles, I was first vice president of the Canadian Company and I was president of the United States *Division of the company's operations.*" (Tr. pps. 206-207).

* * *

In response to questions as to how the business of Harry Ferguson, Inc., was to be operated after amalgamation, Bloom testified:

"* * * That was my problem, I was directly responsible for the United States operations, and my problems were confined to bringing about the amalgamation in the United States, and I had a series of meetings here with my associates to discuss the approaches as to how a more practical way to do

H. H. Bloom

it was; that was prior to going to Detroit to actually put the matter over, to start the consolidation of the two companies." (Tr. pps. 212-213).

* * *

"A. As a matter of clarification, I would like to clear up this point. You will notice that these letters are signed First Vice President, Massey-Harris Company, Ltd., the reason for that being that at the time that these letters were signed First Vice President, Massey-Harris Company, Ltd., the merger of the American Company, Massey-Harris and Ferguson, Inc., had not taken place; that is, they operated and were required to operate as two separate companies.

Q. It hadn't become a reality?

A. No, and therefore as president of the American Company I had no jurisdiction in going into Ferguson, Inc., and these negotiations which were carried out at that time were carried out in my capacity as first vice president of the Parent Company.

Q. And by virtue of the authority you had in that capacity?

A. That's right, yes, sir." (Tr. pps. 223-224).

* * *

"Q. And from August 16, 1953 to September 1, 1954, no person who was an officer of Harry Ferguson, Inc., was an officer of the Massey-Harris Company, was there?

H. H. Bloom

A. I think that is correct, Mr. Taylor. (Tr. p. 124).

* * *

"Q. Will your look at this photostat of Exhibit Nos. 8-A, 8-B and 8-C to Haggard's deposition and tell us whether or not Exhibit 8-B was mailed to all of the addresses shown on it over your signature, and whether you received Exhibit 8-A?

A. Yes, in both cases: they were mailed and I recognize the reply." (Tr. p. 233).

The following is an excerpt from Exhibit 8-C:

"Amalgamation of Ferguson and Massey-Harris will provide an impressive net of manufacturing facilities extending all over the World, including France and the United States at Detroit, Racine, Batavia and Fowler, California; plus others in Canada, England, Scotland, South Africa, France and Germany."

* * *

"Q. Now, one of the first matters that came before you for your consideration of real importance I take it was what the attitude would be with respect to the Ferguson distributors, wasn't it?

A. Well, that was a matter of importance, yes; the Ferguson management was existent at that time, that's right." (Tr. p. 214).

* * *

"Q. And that was one of the responsibilities resting with you?

H. H. Bloom

A. That's right." (Tr. p. 215).

* * *

"Q. Now, when you went to Detroit shortly following the amalgamation, it was necessary for you to go there for a rather considerable period of time, wasn't it?

A. That's right, yes." (Tr. p. 216).

* * *

"Q. Now, then, did you send Mr. Curry Stoup and some of the other officers of the Massey-Harris Company and Harry Ferguson, Inc., to see distributors and discuss the problems with them?

A. Yes, that's right, I think there were two teams.

Q. And who was on each of those teams?

A. Mr. Sweeney, and I think Mr. Milligan was on one team, and it was either Mr. Sweeney and Mr. Stoup or Mr. Sweeney and Mr. Milligan; and then there was Mr. Spicer and then it was either Mr. Milligan or Mr. Stoup; I think those were the four. There was one Massey-Harris man and one Ferguson man; there was a team of the two." (Tr. pps. 220-221).

* * *

"Q. And I guess part of the instructions you gave these two teams was to advise the distributors of what your future policy would be with respect to marketing of the lines and so forth?

A. That's right.

Q. But even then there was considerable concern among some of the distributors as to what their position was?

A. Well, yes, there was; of course, there always is in a great merger such as this; it was the largest implement merger that had taken place in the United States; it is bound to have had a certain amount of uncertainty connected with it." (Tr. pps. 221-222).

* * *

"Q. And you have seen this letter over the signature of Mr. Curry W. Stoup, October 7, 1952, addressed to all Ferguson distributors and branches, with attachments; will you tell us whether that was sent, mailed at your direction?

A. It was mailed with my agreement, that's right.

Q. It was mailed at your direction?

A. That's right." (Tr. pps. 222-223).

* * *

"Q. I hand you letters dated August 16, 1953, August 28, 1953; September 3, 1953 and September 10, 1953 on the stationery of Harry Ferguson, Inc., over the signature of Curry W. Stoup and ask you to examine them, please, and state into the record whether those letters were sent to the persons to whom they were addressed, pursuant to your instruction?

A. That's right.

Q. Will you make that collective Exhibit No. 5-A through 5-E inclusive?

A. Yes, sir." (Tr. p. 227).

* * *

"Q. I hand you two documents which appear to be form letters on the stationery of Harry Ferguson, Inc., both bearing date of November 16, 1953, and ask you to state whether those letters were prepared and mailed pursuant to your directions and with your approval?

A. They were mailed with my approval.

Q. Make them Exhibits Nos. 7-A, 7-B and 7-C?

A. All right." (Tr. p. 232).

* * *

"Q. Did you authorize the production and marketing of the MH-50 tractor?

A. Did I; yes, I did." (Tr. p. 243).

* * *

"Q. Did you transfer Mr. C. E. Krause from Racine to Detroit in the fall of 1953 when Mr. D'Angelo resigned?

A. I did.

Q. And was he put in charge of the Detroit operation as manager?

H. H. Bloom

A. As general manager, yes." (Tr. p. 250).

* * *

"Q. Mr. Bloom, in the period following amalgamation in August, 1953, did you from time to time require Mr. J. L. Hooker to work part-time in Racine?

A. Oh, yes, I expect so; he was transferred to Racine because we were in the process of transferring the entire administrative operation to our Racine head office, the proposed head office of the American Company.

Q. When did you transfer Mr. Hooker to Racine?

A. Why, I don't recall the date, but we can get it.

Q. Not exactly, but it was not too long after the August 1953 amalgamation?

A. Yes, we transferred the sales department and the supplies department and the accounting department to Racine within a matter of six months after the amalgamation; yes, after the amalgamation, but actually prior to the merger of the two companies in the United States." (Tr. pps. 264-265).

* * *

"Q. Will you look at Stipulated Exhibits Nos. 00072 and 00073 and tell us whether you wrote the original of that?

A. Yes, I wrote this from Toronto in my capacity as first vice president at the time I was stationed there, this was after the time I moved from

the United States and established headquarters in Toronto.

Q. And look at Stipulated Exhibits Nos. 00080 and 00081 and tell us whether that is the same situation?

A. Yes, it again was written after my transfer to Canada and I was first vice president, responsible for North American operations, and it dealt with the problem of production of a Canadian machine in the Canadian plant, and sales outlets in the different countries.

Q. Now, Mr. Bloom, Stipulated Exhibits Nos. 00072, 00073, 00080, 00081, and 00075 and 00076 exemplify your jurisdiction over the United States operations and the manner in which you exercised that authority; do they not?

A. I would say it would come—, the subject matters of these letters came within the sphere of my responsibility as being in charge of North American—, responsible for North American operations, in that they affected the sales volume or acceptance of machines in the field; the surveys requested were of importance and interest to the various companies, and had a direct bearing on our potential sales results.

Q. Mr. Bloom, insofar as the over-all operations of Massey-Harris-Ferguson, Ltd., is concerned, including North America and Canadian and United States divisions, you were second only to Mr. Duncan in authority, weren't you?

A. Yes, sir." (Tr. pps. 266-267).

* * *

H. H. Bloom

Bloom says the news release (Exh. 4 to Bloom); 8/16/53, was checked by him and Duncan and Ferguson, and sent out with the approval and authority of Duncan, Ferguson and Bloom. It was sent to Memphis Branch and Memphis distributors. (Tr. p. 226). *This is important because it contains evidence of the incipiency of the conspiracy and ties in the Canadian Company as conspirator to contacts within respondent's judicial district.* It contains the following:

> "During the past 10 years Mr. Ferguson and his skilled staff in Britain and the United States have been working in the greatest secrecy on many new machines. The Massey-Harris directors had full knowledge of the success of the Ferguson System in the past throughout the world but it was only after *a complete disclosure* of all the new inventions and a full investigation of new patents and applications for patents to give world-wide protection for a multitude of new inventions that they decided to make an offer to join forces with Ferguson. *The two organizations are complementary rather than competitive* and their coming together is expected to result in a great expansion of their operations and a further increase of both Ferguson and Massey-Harris exports from the United Kingdom." (Exh. 4 to Bloom).

And:

> "The name 'Ferguson' will continue to be carried on the tractors and implements of Ferguson design." (Exh. 4 to Bloom).

* * *

H. H. Bloom

Exhibit 9 to Bloom. This announced the Ferguson retail finance plan. It is dated 8/2/54, and addressed to all United States Distributors. Bloom said it was sent out with his approval. (Tr. pps. 240-241). He says that the finance plan for Ferguson distributors and dealers was prepared under his supervision and direction. (Tr. p. 241).

* * *

With respect to stipulated Exhibits 4-5, H. H. Bloom testified:

> "Q. And in connection with that, you utilized the services of Mr. Herman G. Klemm?
>
> A. Yes, he was Vice President of engineering and responsible for the engineering of both the Massey-Harris and Ferguson division lines." (Tr. p. 260-Bloom).

* * *

J. L. Hooker

J. L. Hooker's testimony, transcript pps. 299-300:

"Q. Prior to August 16, 1953, and from August 16, 1953 to September 1, 1954, Harry Ferguson, Inc., had representatives who went to Memphis at more or less regular times to transact business on behalf of that company?

A. Yes, sir, regional personnel.

Q. Regional personnel; among those were Mr. Boardman?

A. Yes, sir.

Q. Who else?

A. Mr. Le Queux and—

Q. Well, that is enough.

A. There is a chap who represented us in product education prior to August 16, 1953, and I can't remember his name.

Q. That is all right; Mr. Boardman and Mr. LeQueux made their trips to Memphis regularly, and there transacted business of Harry Ferguson, Inc., as representatives of that company, didn't they?

A. Yes, sir.

Q. And Mr. Boardman has continued right on doing the same thing since September 1, 1954?

A. Yes, sir; Broadway was the other name I was trying to think of, and—."

H. H. Bloom

The following is exhibit 3 to Bloom. Bloom admits he caused it to be sent.

COPY
WESTERN
UNION

1953 Aug 16 PM 6:30

Howard Sullins:

467 Williamsburg Rd Mfs: (Tennessee)
News released this afternoon states in part quote It has been jointly announced by James S Duncan, president of the Massey-Harris Company Ltd, on behalf of its board of directors and by Harry Ferguson, chairman of the Harry Ferguson Companies, that the two worldwide organizations which they represent have agreed to amalgamate and to operate in the future under the name of Massey-Harris-Ferguson Ltd unquote Mailing full copy news release to all dealers today also copy dealer letter and news release airmailed to you. Plan make detailed study of distribution problem with view to developing plans for franchise. Will continue to operate under present franchise provided such operation is given increased distributing of both Ferguson and Massey-Harris products. As soon as possible will have individual meeting each distributor. Meantime carry on as usual. Plan no precipitous action but to proceed slowly and carefully with utmost consideration and fair treatment. Time element and uncertainty reaching you today by phone made telegraphing seem advisable. Will be glad give you full details of release tomorrow if you desire to phone.
Harry Ferguson, Inc.
C. W. Stoup

H. H. Bloom

Exhibit 2C—Bloom:

MASSEY-HARRIS COMPANY

Limited

Head Office Toronto 3, Canada

October 2, 1953

(Addressed to all Ferguson Dealers.)

Gentlemen:

YOUR PART IN THE FUTURE

It has come to my attention that there are many false rumors being spread among the Ferguson dealer organization about the future of Ferguson dealers, as a result of the recently announced intent to amalgamate the worldwide Ferguson interests with Massey-Harris, Limited, into a new company, Massey-Harris-Ferguson, Limited.

Always, when all facts are not fully understood, such rumors can find fertile grounds in which to grow, even beyond the concept of the ones who start them. This is understandable, and it is for this reason that I have taken the liberty of writing to you at this time.

We who will be responsible for the management of the parent Massey-Harris-Ferguson, Limited, company want to give you assurance (in addition to that contained in Mr. Stoup's letters of August 16th and August 28th) that this strengthening of both organizations will have nothing but the best of results for both the present Massey-Harris and the Ferguson dealer organization.

It is not our intent to eliminate any Ferguson or Massey-Harris dealer who is performing satisfactorily. *I feel certain you will understand this when you realize*

H. H. Bloom

that the Massey-Harris and Ferguson interests were attracted to each other because it was felt that both could contribute greatly to a new parent organization—not only because of the financial strength, progressive engineering and manufacturing facilities of both organizations, but also because of the aggressive dealer sales organizations of each throughout the world.

That is why there will continue to be a separate Ferguson dealer franchise and a separate Massey-Harris dealer franchise; each with its own terms and discounts. Also, it is why there will continue to be a Ferguson line of products and a Massey-Harris line of products, and why each line will be developed to best serve the farmers in every area not only of the United States, but also of the world.

Surely, your future as an aggressive Ferguson dealer is made even more promising as a result of being a part of what will be one of the largest farm equipment organizations in the world.

Very truly yours,

MASSEY-HARRIS COMPANY, LIMITED
/ss/ H. H. Bloom
First Vice President

Exhibit 2B—Bloom:

Attachment to letter
of October 2, 1953

YOUR FERGUSON DISTRIBUTOR'S PLACE IN THE PICTURE

In addition to clarifying the future of Ferguson Dealers in the distribution of Ferguson products, I believe it also is well to reconfirm that definite arrangements have

H. H. Bloom

been completed whereby (Distributor's name) will continue as your Authorized Ferguson Distributor.

In some areas we have placed the distribution of Ferguson products in a special Ferguson Division of our Branches. Because of past satisfactory performance and other considerations, however, it is our intention to continue the distribution of Ferguson equipment through (Distributor's name):

In our opinion, it is basic that the distribution of Ferguson products continue the same pattern that was in existence before the announcement was made of the intent *to amalgamate the Ferguson interests and Massey-Harris Company, Ltd., into the new parent company, Massey-Harris-Ferguson, Ltd.*

It is because of this that there is absolutely no reason why any Dealer holding a Ferguson franchise should hesitate, in any way, to do business in the normal manner now and in the foreseeable future with their present Ferguson Distributor.

MASSEY-HARRIS COMPANY, LIMITED

H. H. Bloom
First Vice President

H. H. Bloom

Exhibit 2A—Bloom:

HARRY FERGUSON, INC.

Detroit 32, Michigan

Cables: "Farming" Telephone: Walnut 3-3600

TO ALL FERGUSON DISTRIBUTORS
AND BRANCHES October 7, 1953

Gentlemen:

Because several of our Distributors have called in about false rumors being spread among our Dealers, Mr. Bloom felt it advisable that he personally address a letter to each Dealer assuring him of his future as a member of the Massey-Harris-Ferguson, Ltd. family. The attached letter is being mailed to all of your Dealers today.

In addition, an addendum is being attached to those letters addressed to areas where the Ferguson Distributor will continue the distribution of Ferguson products. The purpose of this, as you will see, is to reassure the Dealers that they are to continue to deal with the Ferguson Distributor and that it is not the intent that these Distributors will shortly be replaced by branch house operations.

Very truly yours,

HARRY FERGUSON, INC.

/ss/ Curry W. Stoup
Vice President and
General Sales Manager

CWS:fa
nm
Enc.

H. H. Bloom

H. H. Bloom's testimony, transcript p. 227:

"Q. I hand you letters dated August 16, 1953, August 28, 1953, September 3, 1953 and September 10, 1953 on the stationery of Harry Ferguson, Inc., over the signature of Curry W. Stoup and ask you to examine them, please, and state into the record whether those letters were sent to the persons to whom they were addressed, pursuant to your instruction?

A. That's right.

Q. Will you make that collective Exhibit No. 5-A through 5-E inclusive?

A. Yes, sir."

* * *

Exhibit 5A to Bloom

HARRY FERGUSON, INC.

Detroit 32, Michigan

Cables: "Farming" Telephone: Walnut 3-3600

August 16, 1953

TO ALL U.S. AND CANADIAN DEALERS

Gentlemen:

We are pleased to attach hereto copy of the official news release announcing the world-wide association of Massey-Harris and the Ferguson Companies, an event which we are confident will bring to the sales outlets of the new organization opportunities for greater volume

and a more advantageous competitive position than ever before.

The bringing together of the manufacturing facilities located in various parts of the world, supported by the research and engineering organizations of these two leading builders of quality farm equipment of advanced design, coupled with its plans for new and improved lines in the future, merits confidence that the products of Massey-Harris-Ferguson will continue to gain ever increasing consumer acceptance, also that our company will enjoy an evermore enviable position in the trade.

Plans for the future sale and distribution of the company's products are most flexible in that there will continue to be two distinct dealer contracts:

Franchise covering Massey-Harris Tractors, combines and equipment.

Franchise covering Ferguson System Tractors and Ferguson related equipment.

Dealers now holding either a Massey-Harris or Ferguson franchise will continue to operate under the same, provided, of course, that such operation is giving the products adequate territory representation and that the general conditions of the contract are being fulfilled.

In order further to increase the distribution of all product lines, applications for contracts from present holders of either a Massey-Harris or Ferguson franchise will be given preferential consideration in places where both lines are not already represented.

In trading centers where no representation exists at present, dealer applications for either or both contract lines will be welcomed.

H. H. Bloom.

We are now in the midst of the important fall selling season and it is our confident hope that you, as our Dealer, will go forward with enthusiasm and determination to secure an even greater share of the available business than ever before.

Very truly yours,

HARRY FERGUSON, INC.

/ss/ Curry W. Stoup
Vice President and
General Sales Manager

Exhibit 5B and 5C to Bloom

HARRY FERGUSON, INC.

Detroit 32, Michigan

Cables: "Farming" Telephone: Walnut 3-3600

TO ALL U. S. DEALERS. August 28, 1953

Gentlemen:

MASSEY-HARRIS-FERGUSON AMALGAMATION

Since writing you last week, we know that there must be many questions in your minds with regard to your future operations. We want to reassure you that it will be our constant endeavor to keep you fully informed as the amalgamation details are finalized.

There is very little additional information which we can pass on to you since our letter of August 16. However, we want to re-emphasize one very important point, since it is pertinent to your future:

H. H. Bloom

There will continue to be Ferguson Tractors and Ferguson System Implements bearing the Ferguson name; and there will continue to be Massey-Harris Tractors and Equipment bearing the Massey-Harris name. There will be a separate franchise covering each line . . . the Ferguson line will continue to be sold under present Ferguson terms and discounts and the Massey-Harris line under their present basis of terms and discounts.

Ferguson Dealers now holding our franchise will continue to operate *as in the past provided, of course, that such operation is giving the Ferguson line adequate territory representation and that the general conditions of the franchise are being complied with.*

Every effort will be made to give you the opportunity for expanding your business by adding the Massey-Harris franchise, on the basis of the above provisions, if you are so located that it would be advisable. For example, if there is a Massey-Harris Dealer currently and adequately covering your territory, naturally the Massey-Harris Dealer will continue to handle that line.

If you, as a Ferguson Dealer, believe that you are so located and so equipped to seriously consider the addition of the Massey-Harris franchise to your business, we would strongly suggest that you make an informal application to us immediately. Inasmuch as distribution details will require considerable study so that the most sound method will be adopted, will you please mail such applications directly to:

Mr. Curry W. Stoup
Vice Pres. and General Sales Mgr.
Harry Ferguson, Inc.,
Box 322
Roosevelt Park Annex Station
Detroit 32, Michigan

H. H. Bloom

Since the announcement of the agreement to amalgamate our Company and the Massey-Harris Company, we have had many requests for information. If you would like specific information regarding Massey-Harris Equipment, franchise, policies, and similar matters, please do not hesitate to write us. We will have a Massey-Harris representative call on you to discuss any of your questions concerning their line.

Because of the many things that Ferguson has to offer Massey-Harris, and because of the many things which Massey-Harris has to offer all of u , we know you will agree that this great, new Company, *Massey-Harris-Ferguson*, can mean only one thing . . . a brighter future for all.

Very truly yours,

HARRY FERGUSON, INC.

/ss/ Curry W. Stoup
Vice President and
General Sales Manager

CWS:fa
mm

* * *

Exhibit 5D to Bloom

HARRY FERGUSON, INC.

Detroit 32, Michigan

Cables: "Farming" Telephone: Walnut 3-3600

September 3, 1953

H. H. Bloom

TO ALL U. S. AND CANADIAN DEALERS

Gentlemen:

MASSEY-HARRIS-FERGUSON AMALGAMATION

Undoubtedly many of your owners have asked you about our future plans for distribution . . . whether or not there will continue to be Ferguson Tractors and Equipment, and whether or not Ferguson Dealers would continue to sell and service Ferguson Equipment.

The answer is, yes, there definitely will continue to be Ferguson Tractors and Implements!

You can tell your customers that the real reason behind this amalgamation of Massey-Harris and Ferguson is to provide an even greater service to all farmers in bringing them a broader line of equipment to do all farm work more efficiently and more economically. Therefore . . .

1. There will continue to be Ferguson Tractors and Ferguson System Implements bearing the Ferguson name.

2. There will continue to be Massey-Harris Tractors and Equipment bearing the Massey-Harris name.

3. There will continue to be Dealers handling the sales and service of Ferguson Tractors and Ferguson System Implements.

4. There will continue to be Dealers handling the sales and service of Massey-Harris Tractors and Equipment.

These facts make the picture clear that the sales and

service facilities will be increased for all farmers and most certainly not decreased.

We will consider your continued support as a valuable link in this chain of expanded operations to serve the American farmer.

Very truly yours,

HARRY FERGUSON, INC.
/ss/ Curry W. Stoup
Vice President and
General Sales Manager

CWS:rm

* * *

Exhibit 5E to Bloom

HARRY FERGUSON, INC.

Detroit 32, Michigan

Cables: "Farming" Telephone: Walnut 3-3600

September 10, 1953

TO ALL DEALERS OF
SOUTHLAND TRACTORS, INC.

Gentlemen:

MASSEY-HARRIS-FERGUSON AMALGAMATION

We are pleased to advise you that Mr. H. H. Sullins of Southland Tractors, Inc., has met with officials of Harry Ferguson, Inc., and The Massey-Harris Company. It was mutually agreed that Southland Tractors, Inc. will continue to distribute Ferguson tractors and implements

H. H. Bloom

on the same basis and under the same terms as heretofore.

Knowing that all Ferguson Dealers are deeply interested as to how the Ferguson tractors and implements are to be distributed due to the amalgamation, it is particularly gratifying to us to make this announcement that Southland Tractors, Inc. will continue to work with you as they have so well done in the past.

Your Distributor will discuss with you in the near future the expanded opportunities which will result from the formation of our great new Company . . . Massey-Harris-Ferguson.

Very truly yours,

/ss/ HARRY FERGUSON, INC.

Curry W. Stoup
Vice President and
General Sales Manager

CWS:fa
lg

* * *

H. H. Bloom

The following is exhibit 1 to Bloom's testimony:

Copy

WESTERN
UNION

53 OCT 7 DETROIT MICH

HOWARD SULLINS

Southland Tractors Inc. 404 E Mallory Memphis Tenn —we understand that there are false rumors in your territory about your future status as the distributor of

H. H. Bloom

the Ferguson line stop This is to confirm to you that Southland Tractors, Inc is and it is our intention that you will continue to serve as the distributor of the Ferguson products in your territory stop Above being confirmed by direct letter to all your dealers—H. H. BLOOM FIRST VICE PRESIDENT MASSEY-HARRIS CO LTD—

H. H. Bloom

Stipulated Exhibit 298.

MASSEY-HARRIS COMPANY
Limited

Head Office, Toronto, Canada

James S. Duncan, Chairman and President

November 3rd, 1953.

Mr. H. H. Bloom,
President,
Massey-Harris-Ferguson, Inc.,
Racine, Wisconsin.

Dear Mr. Bloom,

Please discuss with me on Wednesday, the desirability of making a visit once again to all the Ferguson distributors. I must say that the more I think of it, the more I am concerned over these people becoming discouraged or becoming a prey to Ford, either directly or by Ford taking over their principal agents. It may be necessary for us to give them some further security as to the duration of their contract.

My chief cause for worry, at the present time, is the further delay in the big tractor, which will prove to be a

H. H. Bloom

great disappointment to them, and furthermore, if we decide to delay the situation as we have discussed, the fact that they will not have a combine or a baler to offer for at least a year later than they expected.

Just as soon as we can come out with the new TO-33, I think we will have the situation well in hand, but, obviously, we cannot say anything about this until we are ready to supply the machines and, therefore, it appears to me more and more as I think it over that we are up against a really tough proposition for the next 12 months, and it may be necessary for us to go beyond what we had originally felt was necessary, in order to keep the organization tied to us until we have some encouraging news to give them.

Yours very sincerely,

J. S. Duncan
President

J.S.D.:on

* * *

H. H. Bloom

The following from Exhibit 13-G to Bloom:

COPY

"HARRY FERGUSON, INC.
Detroit 32, Michigan

March 25, 1954

TO ALL FERGUSON DISTRIBUTORS:
FERGUSON CONFERENCE AT RACINE

* * *

At this Conference, the election of Mr. Herman G. Kheinm as Vice President *in charge of all Ferguson and*

Massey-Harris engineering in North America was announced. This, we feel, is very important and will ensure not only a continuation of the high quality of engineering that has given Ferguson products such advanced design and great efficiency in the past, but will also extend its scope much to the benefit of Ferguson Distributors, Dealers, and Customers throughout the world.

* * *

HARRY FERGUSON, INC.

(Signed) C. E. Krause
General Manager"

* * *

H. H. Bloom's testimony:

"Q. This Exhibit Nos. 311-A, 311-B and 311-C recites that the meeting was in Mr. Duncan's office; was that in his office in Toronto?

A. That was in his office at Toronto, yes; you notice, it deals with both the Canadian problem and the United States problem, and designates the responsibility of the Canadian problem as Mr. Burgess, who was general manager for the Canadian division; it is on Page 3, I think, and with respect to the United States, *it was my responsibility to carry it out.*

Q. And these decisions reflected in these minutes were made as shown by this exhibit?

A. Well, that was the conclusion of the discussions we had, yes, the action to be taken.

Q. And the gentlemen who attended those meetings as shown by the minutes, made these decisions?

H. H. Bloom

A. The decisions, I would say were made by Mr. Duncan and myself, because we were the two executive officers, but we did have the benefit of the opinions of the men who were there.

Q. I show you what purports to be a copy of a telegram dated August 16, 1953, addressed to Mr. Howard Sullins, signed Harry Ferguson, Inc., C. W. Stoup, and I will ask you to read that and tell us whether or not the original of that telegram was prepared to be sent to all of the distributors who were to be retained.

A. This telegram as I recall it is basically what I recall having sent, in which we outlined that we were going to undertake a detailed study of distribution problems.

Q. At that time, Mr. Stoup was working under your jurisdiction, and that I am sure was typical of a telegram sent to the rest of the distributors?

A. Yes, I would say so; I would say that is right.

Q. Pursuant to your direction?

A. Yes, I would say that is right, authorized by me." (Tr. pps. 224-225—Bloom).

(Stipulated Exhibit 311)

AMALGAMATION PROBLEMS

Minutes of meeting held in Mr. Duncan's office, Sept. 21, 1953 at 3:00 p.m. Present were: Messrs. Duncan, Tory, Appleton, Bloom, Burgess, E. H. Metcalfe, and R. H. Metcalfe.

PROBLEM: H. F. Inc. Executive Profit Sharing Plan.

H. H. Bloom

DECISION:

(a) Notice of intention to terminate this plan must be given to H. F. Inc. executives before Dec. 31, 1953. It should be brought before the Board of M-H Co.

Action: Mr. Appleton

(b) For the purpose of this plan, 1953 profit of H. F. Inc. will be calculated on the normal operations of the company, disregarding any special adjustments made at the request of M-H Co. (e.g. repurchase of inventory from distributors which would affect profits.)

PROBLEM: Consolidation of U. K. and North American operations.

The acquiring of the British Ferguson interests would appear to make it desirable to reconsider our present basis of publishing our results on a North American basis, in order to reflect the revised volume and earnings of the M-H-F organization.

DECISION: Consolidation of the U.K. and North American operations to be effected, if possible. Messrs. R. H. Metcalfe and E. H. Metcalfe to study the situation and prepare a recommendation for consideration by the Board.

Action: Messrs R. H. Metcalfe and E. H. Metcalfe

PROBLEM: Termination of the H. F. Inc. Pension and Insurance Plan.

This is an insured, non-contributory plan with full and immediate vestin of rights. The benefit to the individual is greater under the H. F. Inc. Plan over a short term, but is less favourable than the M-H Plan for service in excess of 20 years.

H. H. Bloom

DECISION:

(a) this plan is to be terminated on Dec. 31, 1953; provided satisfactory arrangements can be made with the Insurance Co. to cover the period October 1-Dec. 31.

DECISION:

(b) H. F. Inc. employees who become M-H employees will receive their vested rights under the H. F. Inc. Plan and will then enter the M-H Plan as new employees.

(c) Mr. Appleton is to visit H. F. Inc. this week to review the situation, to make suitable arrangements to terminate the plan, and to prepare suitable publicity for convincing H. F. Inc. employees of the advantages of coming into the M-H plan.

Action: Mr. Appleton

PROBLEM:

Length of notice to H. F. Inc. employees re termination of employment.

DECISION:

A study of local practice is to be made and this practice is to be followed, leaning to the generous side.

Action: Mr. Bloom

PROBLEM:

Questions arising re Corporate Consolidation of H. F. Inc. and the M-H Co.

H. H. Bloom

After consultation by telephone with Mr. Sonnett (Mr. Ferguson's Solicitor) Mr. Tory advised that no steps be taken at this time to merge these two companies. After Dec. 31, 1953 the situation can be reviewed in relation to anti-trust and anti-merger legislation and in the light of government policy.

DECISION:

(a) all Ferguson employees who work for the M-H organization (Canada and U. S.) are to remain on the payroll of H. F. Inc.

(b) former employees of Ferguson Distributors who are taken into the M-H organization should go on the M-H payroll.

(c) M-H Branches who take over from Ferguson Distributors are to be appointed as distributors of H. F. Inc.

The basis of handling the stocks taken over is to be reviewed further, but this should be done in such a way as to facilitate the writing down to cost of these goods and their treatment as sales in 1954, if disposed of after Oct. 31. It was suggested that this might be accomplished by taking over the goods on consignment.

DECISION:

(d) Trade marks will remain unchanged (Canada and U. S.) Name plates and signs remain unchanged in the U. S., but changed in Canada after Oct. 31. (existing stocks to be used up).

(e) Mr. Bloom to discuss personnel matters with H. F. Inc. personnel but any formal actions (e. g. notice of dismissal) to be taken through the H. F. Inc. Management.

H. H. Bloom

Action: Messrs. Bloom and Burgess where appropriate.

PROBLEM: Ferguson machines.

DECISION:

(a) the costing of the large U. S. Ferguson (gas) tractor to be undertaken as soon as possible.

Racine to advise U. K. re equipment to be included on the tractor.

(b) the new tractor and other new machines should be given a thorough testing by H. F. Inc. and the M-H Co.

(c) price study to be made of the large Ferguson tractor (gas and diesel.)

Action: Mr. Bloom

(End of Stipulated Exhibits A, B & C)

* * *

The following letter was recently put into pretrial record by defendants' Counsel:

Document No. 3164 (Memphis):

MASSEY-HARRIS COMPANY
Limited

Market Street, Brantford, Canada

March 25, 1955

H. H. Bloom

Southland Tractor Inc.
464 East Mallory
Memphis, Tenn.

Gentlemen:

After shipping your order of fifty FEO 20 Mowers, we discovered a shortage of two nuts and two washers in the hardware bag. Therefore, you will receive, by express, the amount required to overtake this shortage.

Yours truly,

/ss/ C. Drury
Chief Inspector

CD:s

LIMITED COMPANY'S DIRECT USE OF MEMPHIS BRANCH

C. R. Haggard

With respect to the Limited Company's President and Chairman of the Board dealings with the Memphis Branch, the Memphis Branch Manager testified:

Q. All right; let us call them discussions or suggestions made by the Chairman of the Board and President of Massey-Harris-Ferguson, Ltd.; now, what suggestions did that gentleman make?

A. Relative to what?

Q. Well, any operations in connection with the Memphis branch.

A. Well, he suggested that we get together with the Ferguson Regional Manager, Mr. Boardman.

C. R. Haggard

Q. And do what?

A. And call on the various distributors that were affected in our territories.

Q. Various distributors?

A. Right.

Q. Was Southland Tractors among those?

A. Yes, sir.

Q. And what were you to call on them and do?

A. Try to work out an amiable, friendly cross-franchise situation with the dealers for the mutual benefit of both.

Q. Now, was that a suggestion that you could have ignored?

A. Possibly not.

Q. Aren't you sure you couldn't; all right, let us go on from there. Following that suggestion coming from the *Chairman of the Board and President of the Massey-Harris-Ferguson, Ltd.*, did you get together with Mr. Boardman and call on Southland Tractors, Inc.?

A. Yes, sir.

Q. And discuss with them cross-franchising?

A. Yes, sir.

Q. Did you follow out that suggestion and send your men out and cross-franchise dealers?

C. R. Haggard

A. Well, our men went with the distributors' men and called on the dealers.

Q. Following this suggestion from Mr. Duncan?

A. That's right.

Q. And they did cross-franchise dealers?

A. That's right." (Tr. pps. 15-18).

"Q. Well, he came down here as the Chairman of the Board and President of Massey-Harris-Ferguson, Ltd., and looked the place over, didn't he?

A. I would say yes." (Tr. p. 15).

With respect to having been summoned to Atlanta for a conference with the Limited Company's President, the Memphis Branch Manager testified:

"Q. Before we get away from Mr. Duncan's visit in Atlanta with you, what other suggestions did Mr. Duncan make over there that day?

A. Well, to my knowledge it was just a general discussion of the business.

Q. The business being conducted by the Memphis Branch, is that right?

A. Yes, sir.

Q. Future plans for the Memphis Branch?

C. R. Haggard

A. I wouldn't say that; they were just asking how we were getting along, how we were doing, how sales were coming and cash, *et cetera*, the routine things he would be interested in.

Q. He did explain to you this amalgamation and discuss the effect that it was having in Memphis with the distributor, didn't he?

A. Not in detail, no.

Q. I didn't say in detail, but he did, didn't he?

A. Well, there was some discussion on it, yes, sir.

Q. On how the relationship in Memphis would be affected between the branch and the distributor, Southland Tractors, Inc., didn't he?

A. Yes, sir." (Tr. pps. 19-20).

* * *

"Q. Now, how many times has Mr. H. H. Bloom been at this Memphis branch of Massey-Harris since August, 1953?

A. I can't tell you exactly how many; he has been here several, however.

Q. Approximately how many?

A. Three or four or five.

Q. He was here in the fall of 1953 after the amalgamation in August, wasn't he?

A. I can't answer that at the moment; I don't know the exact dates he was here.

C. R. Haggard

Q. You do recall generally, though, that he came here within a few months after the amalgamation?

A. Mr. Taylor, I don't know the exact dates he has been here.

Q. Well, on his first trip following the amalgamation in August, 1953, to this branch, he did discuss with you the question of cross-franchising, didn't he?

A. I have had some discussion with him on various occasions since that date, yes, sir.

Q. With respect to cross-franchising?

A. Right." (Tr. pps. 21-22).

* * *

"Q. Let's follow that up just a little bit; in September, 1953, what American Company was Mr. Bloom president of?

MR. TURNER: If he knows.

A. I will have to answer, I don't know, then.

Q. You do know that he was a vice president of Massey-Harris-Ferguson, Ltd., from August, 1953 until he retired recently, don't you?

A. Yes, sir.

Q. Now, you say he did come to Memphis and discuss cross-franchising dealers with you; during those discussions, did he discuss with you the relationship between this branch and the Memphis distributor of the Ferguson line?

C. R. Haggard

A. Well, any question of cross-franchise naturally would cover that.

Q. And such discussion took place with you in Memphis, between you and Mr. Bloom, since August, 1953; that's right, isn't it?

A. Yes." (Tr. pps. 23-24).

* * *

"Q. How many business meetings for the company have you attended since August, 1953 that were attended by Mr. J. S. Duncan?

A. Well, to my knowledge it would just be the Fall Conference at Lake Long, Wisconsin; each Fall, each year in November, I believe he was there; he wasn't at this year's conference, but the two previous ones, I am sure he was there.

Q. At Lake Long, Wisconsin?

A. Yes, sir." (Tr. p. 5).

* * *

"Q. And Mr. Duncan attended all of those that you have mentioned, in 1953, 1954 and 1955?

A. To the best of my knowledge, he did, yes, sir." (Tr. p. 6).

* * *

"Q. What other officials of Massey-Harris-Ferguson, Ltd., attended the three meetings that we have discussed up to now?

A. Well, I couldn't name them offhand. There was assorted—, several men there, but to call them off by name I couldn't do that because I don't know." (Tr. p. 7).

* * *

C. R. Haggard

"Q. Can you name any others except Duncan and Bloom?

A. Well, I believe Mr. Burgess attended either one or two of the meetings; to name them right off, I can't.

Q. Do you recall a Mr. Metcalfe being at any of those meetings?

A. Yes, I believe he was at a couple of them, probably all three." (Tr. pps. 7-8).

• • •

"Q. Mr. Haggard, these meetings to which you have referred as being held in the fall of each year, tell us just what kind of meetings they were and the purpose of the meetings:

A. Well, it was a general sales meeting.

Q. Did all branch managers attend that meeting?

A. Yes, sir.

Q. And what other personnel from the branches would attend it?

A. Well, ordinarily it is the branch manager, the assistant, and sales supervisors and I believe the credit men attended; I don't think they attended every year, but on two occasions I believe they did." (Tr. p. 8).

• • •

"Q. And the object and purpose of that meeting was to discuss conditions as they existed, what you had done in the past and what you expected to do in the future, wasn't it?

C. R. Haggard

A. That is basically correct, yes, sir.

Q. And those who talked, talked about those three things, didn't they?

A. Not necessarily.

Q. Whether necessarily or unnecessarily, didn't they talk about those three things?

A. Well, various speakers talked on various subjects; the sales manager would talk on sales, the credit manager would talk in regard to credit; the engineer would talk about engineering.

Q. Engineers from Toronto would talk about engineering, wouldn't they?

A. The ones that were present, yes, sir; the American engineers would talk about the American products.

Q. When Mr. Bloom would talk, and he did talk on those three occasions, didn't he?"

A. Yes, sir." (Tr. pps. 10-11).

• • •

"Q. We would find enough of those orders and ladings to indicate a sufficient flow of shipments from Canada to this Branch to supply the needs of the Branch for the items manufactured in Canada, wouldn't we?

A. That's right.

Q. And that would apply to the last four and one-half months of 1953, wouldn't it?

C. R. Haggard

A. Yes, sir.

MR. TURNER: Just say it would apply for the whole period from August, 1953 to August, 1956.

Q. Each year, wouldn't it?

A. Yes, sir." (Tr. pps. 108-109).

* * *

"Q. Now, in the normal and ordinary course of the business conducted by this Massey-Harris Branch at Memphis, throughout the year, and to meet dealer requirements, shipments are made to dealers in West Tennessee and to other points in the territory served by this Branch continuously throughout each year with the qualification you made that they may be seasonal?

A. That's right." (Tr. p. 109).

* * *

"Q. Now, Mr. Haggard, with respect to this flow of shipments of machinery and tools and equipment from Massey-Harris-Ferguson, Ltd., to the Massey-Harris Memphis Branch and to dealers in West Tennessee and the other territories served by this Memphis Branch, that flow of shipments continued right on up to and through the date this suit was filed, didn't it?

A. Yes, sir.

Q. In Exhibit No. 43 you list as machines customarily made and shipped to this branch from Canadian factory, combines. Does this branch receive substantially all of the combines it handles from Canada?

A. Yes, sir.

C. R. Haggard

Q. And when I say from Canada, I mean from Massey-Harris-Ferguson, Ltd.

A. Right.

Q. You list on that same Exhibit No. 43, two models of tractors; which two tractors are they?

A. One is now a discontinued model, the pony, and the other is a pacer tractor.

Q. Are those the only two models of tractors that Massey-Harris, either Massey-Harris-Ferguson, Ltd., or Massey-Harris-Ferguson, Inc., have made since the amalgamation, in the small tractor field?

A. To my knowledge, yes.

Q. You also list in Exhibit No. 43, side delivery rakes; does this branch receive from the Canadian Company substantially all of the side delivery rakes it handles?

A. Yes, sir.

Q. Would the same be true with respect to mowers listed in the exhibit?

A. Yes.

Q. And would the same be true with respect to disc plows listed in that same exhibit?

A. To my knowledge, yes.

Q. And would the same be true with respect to grain drills?

A. Yes, sir.

C. R. Haggard

Q. And mold board plows?

A. Yes, sir.

Q. And one-way disc plows?

A. Yes, sir.

Q. And disc harrows?

A. Yes, sir.

Q. And hay balers?

A. Yes, sir.

Q. Excluding tractors from the farm machinery implement field, insofar as this Branch is concerned, just disregarding tractors for the minute, the farm machines listed in your Exhibit No. 43 would comprise by far the greater volume of business handled by this Branch, would it not?

A. Yes, sir." (Tr. pps. 111-113).

* * *

"Q. Mr. Haggard, without excluding tractors, would you say that 75 *percent of the volume* of farm implements, tractors, equipment and so forth consist of machinery and implements shipped to this Branch *and to dealers in the territories served by this Branch*, is made up of implements, machinery and *so forth shipped to this Branch by Massey-Harris-Ferguson, Ltd., to this Branch or dealers served by this Branch?*

MR. TURNER: Do you mean the dollar volume or units?

C. R. Haggard

MR. TAYLOR: Well, either way.

MR. TURNER: All right, let him answer it either way, if he can."

A. I can't answer that to an exact percentage; it would be somewhere between 60 to 75 percent, roughtly.

Q. All right, sir; would you say that in dollar volume the tractors, farm machinery and equipment shipped to this Branch and to dealers served by this Branch in line with shipments such as these reflected by your Exhibits 58, 59, 60 and 61 would exceed $3,000,000 a year?

MR. TURNER: Those exhibits are the ones showing shipments from Canada?

MR. TAYLOR: From Canada to the Branch.

MR. TURNER: In the different forms?

MR. TAYLOR: Yes.

MR. TURNER: I understand in other words your question goes to all of the stuff from Canada, would it exceed $3,000,000 a year?

MR. TAYLOR: Yes.

A. That would depend on the business for the year, whether it would be a drought year or a good year.

Q. Well, would you say you expected it to exceed $3,000,000 a year for the fiscal year ending October 31, 1956?

C. R. Haggard

A. We hope it will.

Q. And if it keeps on at the current rate, it will, do you think?

A. It is quite possible.

Q. Didn't that volume, without going back and spelling it all out again, exceed $3,000,000 a year in 1955?

A. The aggregate of our volume for 1955 would exceed $3,000,000, yes, sir." (Tr. pps. 115-117).

* * *

"Q. Is Exhibit No. 64 to your testimony typical of return shipments that this Branch makes to Massey-Harris-Ferguson, Ltd., in the ordinary course of business?

A. It would be the very rare occasion; it undoubtedly covers a box of surplus parts.

Q. But from time to time, but not at too frequent intervals, and certainly sometimes during each year such shipments as that reflected by Exhibit No. 64 are made; is that right?

A. That's right." (Tr. p. 127).

* * *

Limited Company's Use Of Memphis Branch For Its Field Testing Engineers.

C. R. Haggard

Q. You have exhibited what appears to be this Branch's shipping order, is that right?

A. Yes, sir.

Q. Number 1179 dated 5/19/54; please tell us what that is.

A. That covers the 33 tas model tractor that was delivered to the field test engineers from Toronto, Canada to be used in field test work in the United States.

Q. Did you say engineers employed by Massey-Harris-Ferguson, Ltd.?

A. I didn't say it, but that's right.

Q. That would be right?

A. Yes." (Tr. pps. 118-119).

* * *

"Q. Was that Exhibit No. 52 just sent to you in ordinary course of business?

A. I would say yes." (Tr. p. 68—Haggard).

Exhibit No. 52 was a letter from Toronto to the Memphis Branch Manager with respect to field testing by Canadian engineers. Note: All of the following "Haggard" exhibits were produced from the Memphis Branch Manager's file.

* * *

Exhibit 28C-D to Haggard's testimony was written by Bloom, first vice president of the Limited Company, addressed to the manager of the Memphis Branch, and shows how completely the Limited Company transacted its business through the Memphis Branch.

C. R. Haggard

Exhibit 28C-D—Haggard:

MASSEY-HARRIS-FERGUSON
Limited

Manufacturers of Farm Implements for Over 100 Years
Head Office, Toronto 3, Canada

Office of the First Vice-President

October 27, 1955.

Mr. C. R. Haggard,
Branch Manager, Memphis Branch,
Box 3594 McKellar Station,
Memphis, Tennessee
U. S. A.

Dear Mr. Haggard:

I have just been having a chat with Bob Ashton who has returned this morning from Stuttgart, Arkansas, where we were operating a number of experimental machines. I was asking Bob how things were going, etc., etc., and he mentioned that there are still complaints of a shortage of certain parts down there, which both 61 Implement Company at Blytheville and Layne Arkansas Company at Stuttgart said they were unable to get. There is one item in particular that Layne Arkansas Company said they could not procure, and that is the spike cylinder teeth for the rice combines, and I want to check with you as to the availability of these teeth.

Bob said that he had endeavoured to get some of these teeth at Layne Arkansas Company in Stuttgart, and they told him that they did not have this tooth in stock—had had them on order since last March, but had not been able to get them up to now, and they had been back-ordered.

When Bob told me this, I telephoned *our Parts De-*

partment here and had the matter checked, and was informed that—

(a) *all orders for U. S. branches on the home office here for spike teeth had been cleaned up.*

(b) that a substantial quantity had been shipped to Memphis Branch and there were no back-orders from the Memphis Branch.

What is the situation at your branch—have you received your full order of cylinder teeth? have you been able to fill Layne Arkansas Company's orders for these teeth? have you still stocks of unshipped teeth in your parts stocks? If you are sold out, have you ordered forward from the Parts Department and, if so, what advice have you received regarding your request for additional quantities?

An early reply in this connection will be appreciated.

Yours sincerely,

/ss/ H. H. Bloom
First Vice-President

HHB;am.
cc Mr. J. E. Bowden, Racine.

Note: Exhibit 28 A & B to Haggard is a long reply by the Memphis Branch Manager to Exhibit 28 C & D, addressed to: "Mr. H. H. Bloom, First Vice President, Massey-Harris-Ferguson, Ltd., Toronto, Ontario, Canada."

* * *

Exhibit 36—Haggard.

The following exhibit to Haggard was written from Toronto by Dillon, a Toronto engineer.

C. R. Haggard

MASSEY-HARRIS-FERGUSON LIMITED

June 21st, 1955.

MEMORANDUM

To: Messrs. *C. R. Haggard, Memphis*—E. W. Hostetter, Baltimore—D. L. Jordan, Atlanta—L. G. Lindsay, Columbus—H. C. Steffen, Indianapolis.

From: Mr. R. M. Dillon—

Subject: *No. 16 Pacer Tractor.*

The No. 16 Pacer Tractor for 1957 sales is to be equipped with a three point hitch.

At the time the tractor is introduced, a complete line of implements will be required for the new hitch.

Plans are presently being made for this list of implements approved by management for development.

Before this programme is finalized, I should like to have a talk with each of you about your implement requirements.

With this idea in mind, I am planning to visit each of you. Below is the schedule I am planning. If this interferes with your plans, please let me know and I shall endeavour to arrange the schedule differently.

Wednesday—July 6th—Columbus
Friday—July 8th—Indianapolis
Monday—July 11th—Memphis

C. R. Haggard

Monday—July 18th—Atlanta
Friday—July 22nd—Baltimore

/ss/ R. M. Dillon,
Chief Development Engineer,
Tractor Section.

RMD/am
c.c. Mr. W. A. Watts—

* * *

Exhibit 31 A thru D to Haggard

This is a letter from Bloom written from Toronto on Limited Company stationery, September 10, 1955, to the Memphis Branch Manager, requiring him to furnish material for a magazine article to be written by Bloom; also, the Branch Manager's reply furnishing the material, addressed to "Massey-Harris-Ferguson, Ltd., Toronto 3, Canada."

* * *

Exhibit 43—Haggard.

The following statement was prepared and made an exhibit by Memphis Branch Manager.

The following machines are customarily made and shipped to us from the Canadian factories:

Combines
Two Models of Tractors
Side Delivery Rakes
Mowers
Disc Plows
Grain Drills
Moldboard Plows
One-Way Disc Plows
Disc Harrows
Hay Balers

* * *

C. R. Haggard

Exhibit 20 C & D—Haggard.

This is a bulletin from Bloom "TO: ALL VICE PRESIDENTS AND DEPARTMENT HEADS," dated August 5, 1954. This exhibit, produced from the files of the Memphis Branch Manager, contains the following:

> "A number of our departments are still spending too much money on telephone calls. When we consider the fact that we have teletype connections to every one of our branches, to our associates in Canada and Batavia, and a new installation at Detroit, our policy with respect to telephone calls must simply become one of exception and emergency rather than the general rule."

* * *

The following exhibit is a letter from Duncan, writing as President of the Limited Company, and deals directly with the Manager of the Memphis Branch. Duncan refers to the Subsidiary as the United States Division, and tells what he expects of that Division and the Memphis Branch.

Exhibit 1 A & B—Haggard.

MASSEY-HARRIS
Limited

Manufacturers of Farm Implements for Over 100 Years
Head Office, Toronto 3, Canada

James S. Duncan, Chairman and President

C. R. Haggard

December 9th, 1955.

Dear Mr. Haggard:

I want to tell you how pleased I was to receive the telegram sent by all *District Managers of the United States* Division during their *Toronto visit*. Your good wishes and kind remarks were very much appreciated.

I would like to assure you that I felt very badly over my inability to welcome you all to Toronto, to congratulate you on past endeavours and to wish you success throughout the coming year; in fact, I curtailed my European trip by one week, as I was looking forward especially to the opportunity of meeting and talking with all the U. S. sales personnel.

In my overseas trip, I saw something of the excellent progress being made in France, in the United Kingdom, and in the Eastern Hemisphere generally, but ever since I took over the leadership of the Company almost twenty years ago, I have remained convinced that the backbone of the Company's strength and by far the biggest growth possibilities could be found in the great United States farm implement market.

The U. S. Company, which had done well in the post-war years, has been giving me great concern during the past two years, but with your co-operation and assistance, I feel sure that we are going to reverse the trend, and that great achievements lie ahead. I am confident that, by the turn of the year, I will be back in my usual fighting trim, and I know you will agree that, with the new and outstanding equipment you have been given, the

high objectives set for 1956 can be tackled with every confidence.

May I take this opportunity of wishing for you and your family a most Happy Christmas and all success in the New Year.

Yours very sincerely,

/ss/ Jas. S. Duncan
Chairman and President.

Mr. C. R. Haggard,
McKellar Station, Bob 3594,
Memphis, Tennessee

* * *

Toronto Engineers Use Memphis Branch.

Exhibit 42—Haggard.

The following exhibit is an expense memorandum of the Memphis Branch prepared by Haggard of various members of the Toronto Engineering Department.

Memorandum of Advance to Members of Field Test Section of Toronto Engineering Department
11-15-55

H. P. Harrison		George Salvian		J. MacDonald.	
10-10	$200.00	11- 9	$300.00	10-10	$200.00
10-31	$200.00	10-10	$200.00	10-24	$200.00
		10-24	$300.00	11-15	$100.00
R. Kulvietis		11-15	$700.00	11- 7	$200.00
		11- 1	$200.00		
10-10	$200.00	11- 1	$100.00	J. H. Gould	
10-21	$200.00				
10-31	$200.00	F. S. Van Bason		10-10	$200.00
11-15	$200.00			10-21	$200.00

C. R. Haggard

G. H. Anderson

10-10 $200.00
10-24 $200.00

C. Haining

10-12 $300.00
10-21 $200.00
10-31 $200.00

J. McDonald

10-25 $300.00
10-31 $300.00

10-10 $200.00
10-14 $300.00
10-24 $200.00
11-15 $300.00
11- 7 $200.00

D. H. Shippion

10-10 $200.00
10-21 $200.00
10-31 $300.00

H. P. Harrison

10-14 $200.00
10-21 $200.00

11- 1 $200.00

Don McNeil

10-10 $300.00
11- 1 $200.00

W. Prezesiecki

10-25 $200.00

* * *

Exhibit 50-A—Haggard

MASSEY-HARRIS-FERGUSON LIMITED

April 6th, 1954.

MEMORANDUM

To: Mr. C. R. Haggard—Manager, Memphis Branch, Tennessee.

From: Mr. H. C. Smith—Engineering Department, Toronto, Ontario.

Subject: *No. 1 Balers.*

In reply to your memo to Mr. Watts of March 30th, 1954, re the baling of green oats with the experimental machines, we will be shipping three machines on or about April 29th, 1954. As soon as a definite date is set, we will drop you a line.

C. R. Haggard

If the Balers arrive before we do, would you make arrangements to unload same. We will be keeping in close contact with you and will let you know what our tractor requirements are going to be.

/ss/ H. C. Smith,
Haying Machinery Section.

HCS:M.
cc: Mr. W. A. Watts
Mr. E. A. Adams

* * *

Exhibit 50-B—Haggard
March 30, 1954

Mr. W. A. Watts—TORONTO cc: Mr. E. A. Adams
Mr. C. R. Haggard—MEMPHIS

We have a memorandum from Mr. E. A. Adams regarding correspondence of December 11th and the writer's reply to Mr. Adams on December 15th. Copy of this December 15th memorandum is attached.

The memorandum is self-explanatory and our thinking in regards the baling of the green oats and the location for the baler in the Mississippi territory would still be the same as in our earlier correspondence.

It may be that we would not send the baler to the dealer at Vardaman, Mississippi, but we do have a new dealer at Houston, Mississippi, which is only fifteen or sixteen miles away and we could still work the baler in this immediate territory. We trust this is satisfactory with you and we are looking forward to having the baler with the improved pickup attachment on same to work in this particularly rough crop.

Very truly yours,

C. R. Haggard

CRH:rg

C. R. Haggard

Exhibit 50-C—Haggard

THE MASSEY-HARRIS COMPANY

March 23, 1954

MEMORANDUM

To: MEMPHIS—Mr. C. R. Haggard

FROM: RACINE—Mr. E. A. Adams

Subject: *Pick-up Baler Work—Memphis Branch, Territory.*

Herewith attached is copy of memo dated March 18 from Mr. Watts on this subject.

I seem to have mislaid your last memo to me. Would you please write to Mr. Watts direct with a copy to the writer, advising the situation as you see it now—particularly giving dates and the type of crop likely to be encountered.

/ss/ E. A. Adams
Vice-Pres., Eng.

EAA:ma
cc: W. A. Watts—Toronto
W. G. Miller—Toronto

* * *

Exhibit 50-D—Haggard

March 18, 1954

Mr. E. A. Adams—Racine
Mr. W. A. Watts—Toronto

Pick-up Baler Work—Mississippi

I received a copy of your memo of December 11 to Mr. Haggard of Memphis, in which you asked him if there

would be some work available in baling green oats around May 1st in the neighborhood of Vardaman, Miss.

You referred specifically to a Mr. Watkins at Vardaman, who apparently had one of our Balers last year and had considerable difficulty with it, in baling this crop.

We believe our field test Balers will be available for shipment about May 1st and are planning to send them to Mississippi for their first trial.

However, I am wondering if you have ever had a reply to your memo of December 11th to Mr. Haggard and if there will be any baling of green oats in the Vardaman area this May.

Would you kindly let me know regarding this matter and if you have not had a reply from Haggard, possibly we should contact him direct in regard to these early trials.

W. A. Watts,
Chief Engineer
Canadian Division

cc:-W. G. Miller

* * *

Exhibit 50-E—Haggard

December 15, 1953

Mr. E. A. Adams—RACINE
Mr. C. R. Haggard—MEMPHIS.

PICK-UP BALER WORK IN MISSISSIPPI.

We have your memorandum of December 11, 1953, regarding the above. It is the consensus of opinion here that baling green oats will again be a big item in 1954. You raise the question that possibly this oats baling can't

C. R. Haggard

be depended on too seriously because they may let the oats stand for combining. Due to the cotton acreage allotment and also the allotment on small grains, it is the opinion of some of the farmers that more of the oats will be baled and not be combined because if they are baled, they are not counted against their acreage allotment.

You requested some information in regards the baler owned by Mr. Watkins. This man does not have the baler. He encountered some more baling trouble and the dealer was forced to take the baler back. It was necessary to take the baler back to avoid completely jeopardizing the position of Massey-Harris in the Vardaman, Mississippi territory.

We will have the same baler or another baler working in this particular area, however, and we are very much interested in having some help from the Engineering Department in the baling of these exceptionally heavy oats.

We appreciate very much your interest in this, Mr. Adams; and if we have a normal season in 1954, we should have the experimental baler in the Mississippi territory and ready to go by May 1.

Very truly yours,

C. R. Haggard

CRH:rg

* * *

Exhibit 51 A thru C—Haggard.

Exhibit 51-A—Haggard

April 6, 1954

Mr. F. J. Newhouse, Chief Development Engineer, Plows—TORONTO

C. R. Haggard

Mr. C. R. Haggard—MEMPHIS.

We have a copy of your memorandum dated April 1st to our dealer, the England Equipment Company of Sparta, Tennessee, in regards to the new 3-4 furrow Mounted Disc Plow for the 44 Tractor.

As a point of information, we have checked with the Hoover Trucking Company here in Memphis and they inform us that the plow left Memphis on March 29, 1954, for Nashville and was delivered to the Potter Freight Lines at Nashville on March 30th or 31st. The Potter Freight Lines were to deliver the plow from Nashville on in to Sparta.

The Hoover Freight Lines are checking in a letter with the Potter Freight Lines asking for confirmation of delivery. It is our opinion, Frank, that the plow has been delivered and we are quite sure that when Mr. Gray calls at Sparta, Tennessee, that the plow will be on hand and ready to go.

Very truly yours,

C. R. Haggard

CRH:rg
cc: England Equipment Company
Sparta, Tennessee

* * *

Exhibit 51-B—Haggard

April 1st, 1954.

England Equipment Company,
Sparta, Tennessee.

Gentlemen:

On or about March 19th, we shipped to your attention one 3-4 furrow mounted Disc Plow for use on the No. 44 Tractor. Mr. Ed Gray has, I believe, written to you re

C. R. Haggard

this machine, and Mr. Gray, who is presently in North Carolina, will be calling on you within a few days.

We have not heard from you as to whether the machine has arrived and have, therefore, instigated an investigation on the shipping of the plow from this end. I would greatly appreciate it if you would contact the trucking line from your end to help expedite the arrival of the plow to your place.

The plow was shipped from Toronto by Consolidated Trucking Co. to Detroit, Ellis Trucking Co. *from Detroit to Memphis*, and by Hoover Trucking Co. from Memphis to Sparta.

If the plow has not already arrived, you could contact the last named trucking firm.

Yours very ~~truly,~~

MASSEY-HARRIS-FERGUSON, LIMITED.

/ss/ F. J. Newhouse
Chief Development Engineer,
Plows.

FJN:M
cc: Mr. C. R. Haggard

* * *

Exhibit 51-C—Haggard
Plow left Memphis
3/29/54 for Nashville
Delv'd to Potter
Frt Lines at Nashville
March 30th or 31st
Plow should be
delivered by this time.
Have written

C. R. Haggard

letter to Potter
asking for
confirmation
DJH

* * *

Exhibit 54—Haggard.

MASSEY-HARRIS-FERGUSON LIMITED

August 27th, 1954.

MEMORANDUM

To: Mr. C. R. Haggard—Branch Manager, Memphis, Tennessee.

From: Mr. F. J. Newhouse—Engineering Department, Toronto.

Subject: *Mounted Disc Plow tests at Sparta, Tenn.*

During the course of our plow tests at Sparta, Tenn., with the mounted disc plow, we noted that Mr. England of the England Equipment Co. has had to replace 4 low lift shafts on the No. 44 Special tractor which has been used on the tests.

Since these shafts have failed during the tests, we believe that we should be responsible for the cost of these shafts. Will you, therefore credit Mr. England with the cost of the four low lift shafts and charge Toronto Engineering Dept. ER 31801 with this amount.

/ss/ F. J. Newhouse,

Chief Development Engineer,
Plows.

FJN:M.
cc: Mr. John England

* * *

C. R. Haggard

Exhibit 44—Haggard.

The Limited Company continues to use the Memphis Branch.

MASSEY-HARRIS-FERGUSON
Limited

Manufacturers of Farm Implements for Over 100 Years
Head Office Toronto 3, Canada

Engineering Department August 28, 1956.

Mr. C. R. Haggard,
Branch Manager,

Massey-Harris-Ferguson, Inc.,
McKellar Station, Box 3594,
Memphis, Tennessee.

Dear Mr. Haggard:

I would like to advise you that one of our experimental combines, a rice model, will be shipped tomorrow by rail to Stuttgart area care of Layne-Arkansas Company. Our personnel will be in Stuttgart to unload and operate the machine in the field.

Yours truly,

/ss/ K. J. M. Godlewski
Chief Field Test Engineer

KJMG-km

* * *

Exhibits 49 B, C & A—Haggard.

Exhibit 49-B—Haggard

C. R. Haggard

MASSEY-HARRIS-FERGUSON
Limited

Manufacturers of Farm Implements for Over 100 Years
Head Office Toronto 3, Canada

January 18th, 1954.

Massey-Harris Co., Inc.
McKellar Station,
Box 3594,
Memphis, Tenn.

Attention: Mr. C. R. Haggard, Manager.

Dear Ray:

Since my trip through the south last April, we have developed a number of changes on the Planting and Fertilizing Attachment for No. 44 Row Crop Cultivator. These changes may be summed up as larger diameter seed and fertilizer conductors with straightened contours to eliminate plugging, and a fast clutch release to at least minimize the trouble with stripping the teeth off the clutch sprocket.

We propose placing on Pony or Pacer in your territory, two complete sets of conversion parts for the planter, preferably in the Alabama area where serious trouble was encountered in side-hill planting last season (ref. Mr. Turner's report to you last Spring). In view of this, would you please arrange with Mr. Turner to establish two locations where we may install the conversion kits on customers' equipment; these locations should give us the worst side-hill conditions possible for planting, and if possible locations where that wet sticky fertilizer is used. We also propose placing six extra sets of the clutch

linkage on test, possibly two sets in Alabama and four sets in Mr. Rutledge's territory.

In connection with the planter equipment testing, could you please give us an approximate date for the start of planting in the area of Mr. Turner's choice. We realize this is very early to ask such information, but we need only an approximation so that we can draw up tentative plans for delivery and installation.

Also in your territory, preferably with Jack Fondron of Itabena, Miss., we propose to place an experimental tool bar with cotton cross chopping units.

Hoping these plans meet with your approval, and with best personal regards, we remain,

Yours very truly,

MASSEY-HARRIS-FERGUSON, LIMITED.

/ss/ J. L. Coleman,
Tractor Section.

JLC:M.
cc: Mr. L. A. Webster—Ferguson Inc.
Mr. Turner—Memphis
Mr. G. A. Rutledge—Memphis

* * *

Exhibit 49-A—Haggard

January 27, 1954

Mr. J. L. Coleman, Tractor Section, Massey-Harris—Ferguson, Ltd.—TORONTO

Mr. C. R. Haggard—MEMPHIS

We have your memorandum of January 18, 1954, relative to some developments and changes on the planting

and fertilizing attachment for No. 44 Row Crop Cultivator. We are happy to hear of these developments.

Mr. Turner has already submitted a letter to us giving us the information you requested. We of course would like the two complete sets of conversion parts for the Planter shipped to our transfer point at Cullman, Alabama, the North Alabama Equipment Company.

Mr. Turner informs us that they begin planting cotton in the valley sections from April 10 to April 20 and by May 1 they are planting in the hill sections. He states that possibly the planting season may start earlier this year, governed of course by the weather and moisture but there is some talk of early planting to get ahead of the pink boll weevil.

We will be happy to assist you in any way possible with these new developments and you can be assured of 100% cooperation both by our Mr. Rutledge and Mr. Turner as well as any personnel here at the Branch. It was a pleasure to hear from you.

Very truly yours,

C. R. Haggard

CRH:rg
cc: T. S. Turner

* * *

C. R. Haggard

Exhibit 48—Haggard.

MASSEY-HARRIS-FERGUSON
Limited

Manufacturers of Farm Implements for Over 100 Years

Head Office Toronto 3, Canada

February 18th, 1954.

Mr. Jack Fondron,
Itabena, Mississippi,

Dear Jack:

We are proposing to put in your hands for the coming season, an experimental No. 40 Tool Bar with cotton cross chopping units. This bar is very similar to the No. 47 bar which you have, but it uses a plain 1-3/4 inch square bar which may be ordered in 5 ft., 6 ft., 7 ft., and 8 ft. lengths.

When I was with you last Spring you were planning to extend your 47 bar to install more chopping units. Now with the No. 40 bar I propose to equip you with the bar length you want and we may find your proposal warrants considering, i.e. that we call up a bar longer than 8 ft.

May we convert your No. 47 bar into a No. 40, or have you two Pony Tractors so that you would like a No. 40 in addition to the No. 47?

If you want a No. 40 bar complete, would you please tell us the length you want and the number of chopping units you will require—we will have to order the chopping units and have them shipped to you. The shipping details on the tool bar itself will depend on whether we

can convert the No. 47 bar you have, or make a complete No. 40 bar available.

I shall anticipate an early reply, so that all the shipping details may be ironed out. If, as you suggested last Spring you prefer to 'phone, I will be out of the office February 22nd and 23rd. The 'phone number is Toronto —Empire 6-6911, local 613.

Best regards to you and Mrs. Fondrom. I expect to see you about the time the catfish are running—mid April.

Sincerely yours,

MASSEY-HARRIS-FERGUSON, LIMITED.

/ss/ J. L. Coleman,
Tractor Section.

JLC:M.
cc: Mr. P. E. Holmes
Mr. C. R. Haggard
U.S.A.

(End of Haggard Exhibits)

H. H. Bloom

UNITED STATES SUBSIDIARY TREATED ONLY AS A MARKETING OUTLET AND COMPLETELY CONTROLLED INSTRUMENTALITY.

H. H. Bloom

Directors and Officers of the Parent Company and the Officers of the subsidiary, Massey-Harris-Ferguson, Inc., are shown in the Limited Company's 1954 Annual Report. (App. p. 107b).

The individuals who were Directors on both Boards, or a Director on one Board and an Officer of the other were:

James S. Duncan, Chairman of the Board and President of the Limited Company; Chairman of the Board of the subsidiary (Tr. p. 88);

H. H. Bloom, First Vice President of the Limited Company and President of the subsidiary and Director (Tr. p. 89);

C. N. Appleton, on both Boards (Tr. p. 90);

E. G. Burgess, Director of subsidiary and Vice President of Limited (Tr. pps. 90-91);

R. H. Metcalfe, Director of subsidiary and Vice President of the Parent (Tr. p. 91);

W. W. Mawhinney, Director of subsidiary and Vice President of Parent (Tr. p. 91);

W. E. Phillips, Director of both companies (Tr. pps. 91-92);

H. H. Bloom

E. P. Taylor, Director of both companies (Tr. p. 92);

M. W. McCutcheon, Director of both companies (Tr. p. 93);

J. A. McDougald, Director of both companies (Tr. p. 93);

C. W. Webster, Director of both companies (Tr. pps. 93-94). (Exh. 10 to Bloom).

Proxy for voting all stock ran from the Limited Company to Duncan or Bloom or Garrick or Milne. (Tr. p. 93). It is typical of all proxies used by the Limited Company. (Tr. p. 96).

* * *

H. H. Bloom

"Q. Mr. Bloom, I direct your attention to Exhibit No. 11 for identification to your testimony, or your deposition, and especially to the item and the balance sheet, 'Lands, Building and Equipment at Cost,' under the line headed October 31, 1954, $61,523,335, less depreciation, $30,897,707, and the subtracted result of $30,713,628, and ask you if the real properties occupied by the Massey-Harris branches in the United States are not included in that item?

A. Well, they are included because this is a consolidated balance sheet.

Q. And the real property occupied by the Massey-Harris branch in Memphis, Tennessee is included in that item?

A. That's right." (Tr. p. 268).

* * *

H. H. Bloom

"Q. I direct your attention to the item in that balance sheet, inventories the column headed October 31, 1954, $87,133,696; the inventory in the Massey-Harris branch at Memphis is included in that item?

A. That's right." (Tr. pps. 268-269).

* * *

Cecil P. Milne

Testimony of Cecil P. Milne:

On the same day that the subsidiaries were merged the minutes reflect the following:

"Q. I direct your attention to the minutes of a special meeting of the Board of Directors of Massey-Harris-Ferguson, Inc., dated September 1, 1954 and ask you if those minutes contain the following paragraph:

'172. CAPITAL EXPENDITURES: Mr. C. P. Milne, Executive Vice President, reported that approval of Capital Expenditures had been received *from the Parent Company* as follows:

(a) Metal Clad Building for Amarillo—$5,250.00.

(b) Belle City Building Modifications—$63,-111.00.'

A. That is what it says, yes, sir.

Q. You signed those minutes?

A. Yes, sir.

Q. So you would say that you did report that to that Board of Directors' meeting?

A. Apparently, yes.

Q. And when you referred to the Parent Company in the minutes there, you were referring to Massey-Harris-Ferguson, Ltd.?

A. Yes." (Tr. pps. 110-111).

* * *

Cecil P. Milne

Other minutes reflect:

"Q. I direct your attention to minutes of a postponed quarterly meeting of the Board of Directors of Massey-Harris-Ferguson, Inc., May 6, 1955 and ask you if those minutes contain the following:

'208. CAPITAL EXPENDITURES: Mr. G. H. Thomas, Vice President, Administration, presented the following 1955 Capital Expenditures Budget in the total amount of $2,203,311 *as approved by the Parent Company*:

'$600,000—for new branch and distribution facilities of Portland, Spokane, Billings and Lansing; approved by the Board October 29, 1954.

'The balance submitted for approval by the Directors at this meeting is in the amount of $1,603,311; covering estimated expenditures as follows:

'$307,679—for new engineering laboratory at Detroit.

'$525,000—TO-35 and MH-50 tractors.

'$50,000—Ferguson Baler.

'$50,000—Modifications necessary to properly utilize the former malleable foundry at Batavia.

'$500,000—Replacement and improvement of equipment; also facilities at Racine, Batavia, Fowler and Detroit factories.

'$59,496—Engineering departments at Racine and Detroit.

Cecil P. Milne

'$86,136—Branch equipment, including automobiles and trucks.

'$25,000—Head office equipment.

'$1,603,311—Total.'

Is your answer yes?

A. Yes, sir.

Q. The Parent Company referred to in what I have just read you from the minutes is the Massey-Harris-Ferguson, Ltd.?

A. Yes." (Tr. pps. 111-112).

* * *

"Q. I direct your attention to minutes of a regular quarterly meeting of the Board of Directors of Massey-Harris-Ferguson, Inc., October 29, 1954 and ask you if those minutes contain the following:

'186. CAPITAL EXPENSE: Mr. C. P. Milne announced that *approval had been received from the Parent Company* for an expenditure of $600,000 for branch facilities at Portland, Oregon; Spokane, Washington; Billings, Montana; and Lansing, Michigan.'

A. Yes, Sir.

Q. And you signed those minutes?

A. Yes, sir.

Q. When in the minutes you refer to 'Parent Company' you were referring to Massey-Harris-Ferguson, Ltd.?

Cecil P. Milne

A. Yes, sir." (Tr. p. 111).

* * *

"Q. I direct your attention to minutes of a regular quarterly meeting of the Board of Directors of Massey-Harris-Ferguson, Inc., July 29, 1955 and I ask you if those minutes contain the following:

'222. CAPITAL EXPENDITURES: Mr. C. P. Milne announced that *approval had been received from the Parent Company* for an expenditure of $14,475 to cover purchases of machine tools and equipment.' Those minutes of that meeting recite that, do they not?

A. That is correct.

Q. And you signed those minutes?

A. Yes, sir.

Q. And by the 'Parent Company' you meant Massey-Harris-Ferguson, Ltd.?

A. Yes." (Tr. pps. 112-113).

* * *

"Q. I direct your attention to minutes of a regular quarterly meeting of the Board of Directors of Massey-Harris-Ferguson, Inc., October 28, 1955 and ask you if those minutes contain the following:

'239. CAPITAL EXPENDITURES: Mr. Lee J. Wolf, Vice President, Administration, presented the following 1956 Capital Expenditures Budget in the total amount of $1,182,261 *as approved by the Parent Company*:

Cecil P. Milne

'Factories—Normal replacement of machine tools and additional equipment:

CITY	AMOUNT
Racine	$ 565,135.00
Batavia	110,000.00
Detroit	87,700.00
Fowler	56,010.00
	$ 808,845.00
Sales Branches—Office Machines, equipment, Cars and Trucks	$ 215,170.00
Head Office	51,305.00
Engineering	75,416.00
Special Projects	31,525.00
	$1,182,261.00'

Do the Minutes contain what I have just read?

A. Yes.

Q. And you signed them?

A. Yes, sir.

Q. And the Parent Company is the Massey-Harris-Ferguson, Ltd.?

A. Yes." (Tr. pps. 113-114).

* * *

The same interlocking directors were elected to the Board of Massey-Harris-Ferguson, Inc., on 2/15/56 by the Limited Company voting all the outstanding stock for their election. (Tr. pps. 114-115).

On the same day the following dominating officers were elected: Duncan, Chairman of the Board; Bloom,

Cecil P. Milne

President; Wolf, Vice President and Treasurer; Adams, Vice President; Thornbrough, Vice President, and Klemm, Vice President. (Tr. p. 115).

* * *

The Limited Company advanced the subsidiary $5,000,000.00 during the year 1956. (Tr. p. 157). And:

"Q. Are there any minutes or correspondence or any inter-office or inter-company communications or written material of any kind with respect to the $5,000,000 which you say Massey-Harris-Ferguson, Ltd., loaned to Massey-Harris-Ferguson, Inc.?

A. I don't believe so; it would be arranged over the telephone, or there might have been a meeting here." (Tr. p. 166).

* * *

"Q. Did you negotiate with anyone in the Ltd. Company for borrowing the $5,000,000?

A. I didn't, no.

Q. Well, down where we live $5,000,000 is a whole lot of money. I don't believe one treasurer could call up another treasurer and say, 'Send me $5,000,000' and get it. Can you tell me more about how Massey-Harris Ferguson, Ltd., was persuaded to just send $5,000,000 down here as a result of a telephone call?

A. I don't think they needed persuasion particularly; it looked like a reasonable business arrangement; *it had been done in the past;* there have been times when we have advanced them money in past years, *there is nothing abnormal about it.*" (Tr. pps. 166-167).

* * *

Milne admits that Massey-Harris Company was

Cecil P. Milne

"United States Sales Division of the parent company." (Tr. p. 193).

"Q. Now, in that heading that I read you, the U. S. sales division is referred to; now, I am asking you what division is there meant?

A. The Massey-Harris Company." (Tr. p. 193—Milne).

* * *

"Q. And do you know of any Division that Massey-Harris-Ferguson, Ltd., had in the United States other than Massey-Harris-Ferguson, Inc.?

A. No.

Q. So you would say that the Division there referred to in the United States was Massey-Harris-Ferguson, Inc.?

A. Yes." (Tr. p. 139).

* * *

"Q. Do you know of any production engineering that the Massey-Harris-Ferguson, Ltd. had in the United States other than that of Massey-Harris-Ferguson, Inc.?

A. No." (Tr. p. 141).

* * *

"Q. We can just let the record show that you will not produce any correspondence or any other written material in connection with your action in securing the approval of Mr. Thornbrough as an official of Massey-Harris-Ferguson, Ltd., prior to the institution of this suit."

A. That is my position, yes, sir." (Tr. p. 173).

Herman G. Klemm

The following from the testimony of Herman G. Klemm:

Klemm's attention was directed to the following in Exhibit 2, page 5—

> "It is very necessary to coordinate all engineering activities between Toronto, Racine and Detroit." (Tr. p. 43).

Under pressure he admitted—

> "Q. Well, following that meeting, did you in cooperation with Toronto and Racine set about to put that paragraph in force and coordinate the three engineering departments?
>
> A. Yes, sir." (Tr. p. 43).

* * *

On January 25, 1954, E. A. Adams, Vice President of Massey-Harris Company, was writing to H. H. Bloom, with copies to Duncan, Chairman of the Board and President of the Limited Company, Burgess, Vice President of the Limited Company, and W. A. Watts, Chief Engineer of Toronto Engineering (Tr. p. 51), as follows:

> "*Complete Ferguson Machines with minor changes to be used by Massey-Harris.*
>
> *These machines retain the individuality associated with Ferguson machines* but are painted *red.* They are fully approved Ferguson tools." (From Exh. 2 to Klemm, headed ENGINEERING, p. 2 of E. A. Adams' memorandum dates January 25, 1954).

* * *

Herman G. Klemm

"Q. Now, Mr. Klemm, you took an active part in the designing and developing and furnishing the manufacturing department with the data and information required to manufacture the TO-35 tractor, didn't you?

A. Yes, sir." (Tr. p. 56).

* * *

"Q. And were your reports made to Mr. Ferguson?

A. What is that, sir?

Q. Were your reports made to Mr. Ferguson with respect to the designing and development of the TO-35 tractor?

A. Yes, sir.

Q. And at that time *he was Chairman of the Board of Massey-Harris-Ferguson, Ltd.*, wasn't he?

A. Yes, sir." (Tr. p. 57).

* * *

Exhibit 2B through 2J—Haggard, produced by the Memphis Branch Manager from his files:

MASSEY-HARRIS-FERGUSON, INC.
Racine, Wisconsin

Manufacturers of Farm Equipment for Over 100 Years

May 10, 1955

The following is a copy of a communication from *Mr. James S. Duncan, President and Chairman of Massey-*

(Exhibit 2B, J. Haggard, Cont'd)

Harris-Ferguson Limited and is being sent to you for your information.

To Heads of Operating Divisions

As you know, we have had under consideration here in Toronto rearrangement and reorganization of the responsibilities and functions of Head Office executives. I believe this has been discussed with you in a broad manner.

On this past Friday, I met with our Head Office executives and outlined to them what appears to me to be a satisfactory solution to achieve smoother and more effective operations. As you will see from the attached notes and instructions, the Head Office executives are composed into two groups: Head Office *Divisional* Executives and Functional Executives. The Head Office *Divisional* Executives are my delegates working with the *Resident Managers* of the *Operating Divisions*. The Functional Executives perform more specific responsibilities either in the Home Office or throughout the entire Company; they also serve as consultants and advisers.

As I told the Head Office Executives, I do not propose, at least at this time, to issue an organization chart. I am fully aware that this new arrangement will require a certain amount of time and a co-operative and open-minded attitude on the part of all at Head Office and in the Operating Divisions to fill in all the working *inter-relationships*. As you well know, the amalgamations of the past several years have multiplied at a rapid rate the complexities of managing Massey-Harris-Ferguson.

The attached notes and instructions, being forwarded to you for your information and guidance, have been drawn primarily for the Head Office, and I made no

(Exhibit 2B, J. Haggard, Cont'd)

attempt to get into the organizational set-ups of the *Operating Divisions*. On the other hand, in defining the responsibilities of the Head Office Divisional Executives, it was necessary clearly to indicate that this new arrangement does not dilute or limit the responsibility of Resident Executives in charge of Operating *Divisions*. Rather, as a result of the world-wide dispersion of our business in a highly competitive and fast-moving era, their responsibility is greater than ever.

I am confident that all Executives will perform to their utmost to persevere in the tremendous competitive battle now under way in North America, and to forestall the ever-threatening competition in our other world-wide markets.

Will you please circulate copies of this letter and the attached memorandum to the senior members of *your division* so that there will be a complete understanding of the changes which are being made in the Head Office organization.

/ss/ Jas. S. Duncan
Chairman and President.

J.S.D.:b
att.

(Exhibit 2B, J. Haggard, Cont'd)

May 3rd, 1955.

NOTES ON ORGANIZATION AND DELEGATION OF RESPONSIBILITIES

HEAD OFFICE
Board of Directors
Executive Committee

J. S. Duncan	Chairman of the Board and President	
H. H. Bloom	First Vice-President. President, United States Company	Ranking executive after the President, also President of the United States Company. His chief responsibility will be the over-all operations of the Canadian and United States **Divisions**. In addition, he should at all times be consulted on major issues and in the absence of the President, has the deciding voice as to policy or action.
R. H. Metcalfe	Vice-President, General Administration	Responsible for general administration. Also: Capital appropriations and expenditures; Supervision of forecasts and control of budgets; Supervision of price studies, prices and establishment of prices, pertaining to the Parent Company and **all subsidiaries.** In the absence of the President and the First Vice-President, Mr. R. H. Metcalfe will be responsible for policy and decisions.
E. G. Burgess	Vice-President	Responsible for the forward planning of manufacturing facilities for **North America,** location of new facilities, equipment, machine tools, also supervision of North American Production Engineering. He will continually review all machine costs in **North America** and bring in recommendations concerning those which may be unprofitable. He will also be available for consultation on manufacturing problems in all **Divisions.**
A. A. Thornbrough	Vice-President	United Kingdom operations, relations with the Standard Motor Company, Coventry; corporate and management relationships with Standard-Hotchkiss Company, Paris, and relationship between the Standard Motor Company and North America.
W. Lattman	Vice-President	Western Hemisphere Export Division and Continental European operations.
M. F. Verity	Vice-President	Australian Division operations, Safim operations, supervision of the Machine Tool Division and Sunshine-Waterloo Company.
H. G. Klemm	Vice-President, Engineering	Responsible for engineering in the **Western Hemisphere** and is also Chairman of the Co-ordinating Committee operating between the Eastern and **Western Hemisphere Divisions.**
C. N. Appleton	Vice-President and Secretary	Secretarial functions, including: Salaries Pensions Bonus Payments Incentive Plans Insurance pertaining to the Parent Company and **all subsidiaries.** Parent Company Dividends.

(Exhibit 2B, J. Haggard, Cont'd)

C. F. Herrmeyer	Financial Officer	Responsible for general treasury matters, including: Control of Credit (Chairman of Export Credit Committee) Corporate Financing Banking arrangements and credit lines Cash Management Cash forecasts and statement Inter-company payments and exchange **Inter-company dividends** Short-term investments pertaining to the Parent Company and **all subsidiaries.** Approval of Canadian Company signing officers.
E. H. Metcalfe	Comptroller	Responsible for general accounting, costings, pricing records, preparation of **budgets and budget controls** for the Parent Company and **all subsidiaries.**
C. B. C. Scott	Director Industrial Relations and Personnel	Responsible for personnel and industrial relations, wage structure, employees' benefits, health and safety measures, personnel regulations and practices, plant community relations and union relations **in North America,** and will act as consultant and advisor to **all subsidiaries.**
J. Martin	Director Public Relations	Responsible for public relations **in North America** and will act as consultant and adviser to all subsidiaries.
OPERATING DIVISIONS		
E. W. Young	Vice-President, Managing Director	Eastern Hemisphere Division
G. H. Thomas	Vice-President, General Manager	Canadian Division
C. P. Milne	Executive Vice-President, U. S. Company	**United States Division**
E. Abaroa	General Manager	Export Division—Western Hemisphere
L. T. Ritchie	Vice-President, Managing Director	Australian Division (other than Ferguson).

NOTE:

There are two additional Vice-Presidents of the Parent Company in the persons of Messrs. G. T. M. Bevan and W. W. Mawhinney who will continue in their present capacities in the Eastern Hemisphere Division.

GENERAL

1) The Head Office *Divisional* Executives will act as delegates of the President and will keep him suitably informed concerning the activities of the *Division* assigned to them. They will assist the *Operating Division* in their planning, in the formulation of their policies, *hold a watching brief over all their*

(Exhibit 2B, J. Haggard, Cont'd)

operations, draw their attention to any action which may appear to be *contrary to the Company's policy*, or undesirable from any other point of view. They will also ensure that the *Operating Division* is making proper progress, is operating profitably, is pursuing a satisfactory price policy in relation to costs and that personnel policies are adequate and satisfactory.

All problems normally will be cleared between the senior executive responsible for the *Operating Division* and the Head Office *Divisional* executive. In the event of differences arising, the problem must be brought to the attention of the President for decision by either or both of these officials.

2) Functional executives will be accountable for the satisfactory operation of the services for which they are responsible throughout *all Divisions* and Head Office. The day-to-day problems should be cleared through Mr. R. H. Metcalfe, Vice-President, General Administration, reserving matters of high policy only for decision by the President.

3) Resident executives in charge of *Operating Divisions* carry full responsibility for all phases of the activities of their respective Divisions. Whereas they are entitled to clear any matters directly with the President, the desirable procedure, as already indicated, should only be departed from on exceptional occasions.

4) With regard to channels of contact, these notes on organization structure define lines of responsibility, authority and accountability, but they do not indicate or limit channels of contact or flow of information, between or among members of the organization.

(Exhibit 2B, J. Haggard, Cont'd)

Organization policy permits and expects the exercise of common sense and good judgment, at all organization levels, in determining the best channels of contact for expeditious handling of Company work. Contacts and flow of information between people and components of the organization should be carried out in the simplest and most direct way practicable. In making such contacts, however, it is the duty of each member of the organization to keep his superior promptly informed regarding any matter:

(1) For which his superior may be held properly responsible by others;

(2) As to which there is, or which is likely to cause, disagreement or controversy, especially between different sections of the organization;

(3) Which requires the advice of his superior or co-ordination by his superior with other divisions of the organization; or

(4) Which involves recommendations for change in, or variance from, established policies.

5) It will be the responsibility of all *Divisional,* Functional and Operational Executives to see that, in periods of extended absence from the office, another executive be appointed temporarily to carry on. At no time must the responsibilities of one of these executives remain unattended to during holidays or absences on the Company's business. The choice of the party carrying on the function of the absentee Head Office Executive will be made between himself and Mr. R. H. Metcalfe and all services concerned will be notified.

* * *

Stipulated Exhibit 00823—A thru H. Bloom to Milne

MASSEY-HARRIS-FERGUSON
Limited

Manufacturers of Farm Implements for Over 100 Years

Head Office Toronto 3, Canada

Office of the First Vice-President

January 17, 1956.

TO: Messrs. C. P. Milne, Executive Vice-President, Racine; G. H. Thomas, Vice-President and General Manager, Canadian Division.

Dissemination of Information about New Machines

In keeping with our desire to continually improve the arrangements made to organize the dissemination of information on new products to all sales outlets, I should like to outline the procedures to be followed in North America, which I feel, with the cooperation of all concerned, will assure prompt and efficient dissemination of information about new developments in North America to all those in the Company's world-wide organization concerned with selling our products.

Mr. Klemm, in his "Engineering Policies and Procedures" has outlined in detail the aspects of this problem which relates specifically to the Engineering Departments. This has been done in Parts II, III, and IV of his Engineering Procedures dated December 15th, 1954, May 20th, 1955 and October 4th, 1955, respectively, and dealing with the "Performance Operation and Special Feature Specifications," the "Engineering Approval of Equipment," and the "Development Request" procedure respectively. The purpose of this directive is to expand upon these established procedures in relation to aspects

additional to those of a purely Engineering Department nature.

The dissemination of information about new North American products will be synchronized with the Engineering development of these products according to the following procedure:

Step One

New development will be initiated in accordance with the "Development Request" procedure, outlined in Part IV, of "Engineering Policies and Procedure." *It is recognized that in the case of major machines such as Tractors and Combines, the impetus for development may come more from Top Management* than from Sales or Research Departments but, nevertheless, the procedure outlined in Part IV, of "Engineering Procedures" should apply, no matter what the original source of request for new development.

The Minutes of the Product Committee Meeting will record the approval of the "Development Request," and will be the first indication to those executives appearing on List "A" attached, that the development is to be undertaken.

During the process of development, the Chief Engineer of the Engineering Department concerned will keep the Chairman of the Product Committee informed on the progress of development and this progress will be periodically reviewed by the Product Committee, and recorded in the Minutes of their Meeting which will be distributed to Executives on List "A."

(Stipulated Exhibits 823A-H, Cont'd)

Step Two

As the Engineering Department completes its development and field testing of the prototype machines, the Production Engineering Department prepare a complete Manufacturing Report, showing the estimated cost of toolage and tooling, as well as the estimated unit cost price of the machine.

This manufacturing cost information will be conveyed to both the Chairman of the Product Committee and the Comptroller's Department of the producing unit. The Comptroller's Department of the producing unit will make an estimated list selling price for the unit and convey this information also to the Chairman of the Product Committee.

At subsequent meeting of the Product Committee, with all the considerations connected with manufacture and sale price of the machine available, the Product Committee will make its recommendation of the quantities of the machine for which production should be undertaken. Again, this will be recorded in the Minutes of the Product Committee Meeting and distributed to the Executives on List "A." It is important that the Minutes record all pertinent considerations including tentative selling price.

Step Three

Upon approval of the machine for production, it becomes the responsibility of the Supply & Control unit responsible for the production of the machine to keep those concerned with its introduction into the Company's range, regularly informed of its progress towards completion. This should be done by regular Progress Reports issued by the respective Supply & Control units to those Executives listed on List "A" attached.

(Stipulated Exhibits 823A-H, Cont'd)

At the same time that Manufacturing Departments are progressing with the production of the machine, Product Education, Sales and Service Departments must also be actively planning their programmes in readiness for the introduction of the machine into the line. For this purpose, "Engineering Policies and Procedures," Part II, establishes the steps to be taken by the Engineering Department for passing the information on to other departments and these steps will be coordinated in other departments as follows:

(a) as soon as practicably possible after the completion of the approved design, the Engineering Department who has developed the machine will issue their "Performance, Operations and Special Features Specification" to the Executives appearing on List "B" attached. This will be the authoritative document relating to the machine that will enable the distributing organizations to more clearly estimate their early sales requirements, to develop publicity, sales and technical literature, and to plan product educational programmes.

(b) the Product Education Department of the producing unit, having become fully familiar with the equipment during the last stages of field testing (as prescribed in "Engineering Procedures," Part II) will be responsible for the immediate production of product education material and programmes relative to their own domestic market requirements. However, in order to assist other Sales Departments, who have not been in a position to have the close contact with the local Engineering and Field Testing Departments, the Prod-

(Stipulated Exhibits 823A-H, Cont'd)

uct Education Department of the producing unit will supply copies of their planned material, and outlines, of their educational programme to the Product Education Department of the other North American sales unit (i.e. either Canada or U.S.A.) as well as to the Product Education Department of the Western Hemisphere Export Division, Toronto, and the Eastern Hemisphere Product Education Department, Coventry and the Australian Division, Sunshine, Australia. This, of course, only applies when the machine is applicable to markets outside the domestic market of the producing unit.

(c) The Service Department of the producing unit, having received a prototype of the new equipment (as prescribed in "Engineering Policies and Procedures," Part II) will prepare the service manuals and instructions related to the machine, and will send copies of these manuals once prepared, immediately to *the Service Departments* of the other *selling units,* i.e., either Canada or *the U.S.A.,* as the case may be, as well as to the Western Hemisphere Export Division, Toronto; Eastern Hemisphere Division, Coventry; and the Australian Division, Sunshine, Australia.

(d) Similarly, each of the Publicity and Advertising Departments in the domestic Sales Department of the Producing unit will make copies of their material and plans available to the Advertising Departments of the remaining *Sales Divisions,* including the *Western Hemisphere* Export Division, the Eastern Hemisphere Division and the Australian Division, as this material becomes available for domestic sales.

(Stipulated Exhibits 823A-H, Cont'd)

We trust that you will be able to arrange to have this outlined procedure followed with care and understanding by all those concerned with these matters in your Division.

/ss/ H. H. Bloom
First Vice-President

HHB:am. atts.
Copies to Messrs. H. G. Klemm
W. Lattman and E. Abaroa.

LIST "A"

Circulation of Minutes of Western Hemisphere Product Committee Meetings

Members of the Committee	Others
Western Hemisphere Engineering Head Office Toronto	
H. G. Klemm (Chairman)	Jas. S. Duncan
R. W. King	*A. A. Thornbrough
P. C. Mortenson	H. H. Bloom
D. F. Dahline (Recording Secretary)	E. G. Burgess
	*R. H. Metcalfe
	*W. Lattman
	*M. F. Verity
U. S. Division	
C. P. Milne	
L. M. Sweeney	
W. M. Dreier	
J. L. Hooker	
B. R. Bermann	
E. A. Adams	
L. S. Pfost	
J. Zimmerman	

(Stipulated Exhibits 823A-II, Cont'd)

Canadian Division

G. H. Thomas
G. A. McMillan
J. W. Cowie
W. A. Watts
L. L. Herrington

Western Hemisphere Export Division

E. Abaroa
*W. Reed-Lewis
*C. Galbraith

* Not included for Meetings I to IV.

LIST "B"

Circulation of "Performance Operation and Special Features Specification" issued by Western Hemisphere Engineering Department

United States Division

C. P. Milne	Executive Vice-President
E. A. Adams	Vice-President, Marketing Research Dept.
L. J. Wolf	Vice-President and Treasurer
K. H. Krause	Vice-President, Manufacturing
L. M. Sweeney	Vice-President, Sales
W. M. Dreier	General Sales Manager Massey-Harris
J. L. Hooker	General Sales Manager Ferguson
Dean Carpenter	Advertising & Sales Promotion Manager—Massey-Harris
S. S. Roberts	Advertising & Sales Promotion Manager—Ferguson

(Stipulated Exhibits 823A-H, Cont'd)

J. Zimmerman	General Service Manager
L. V. Garver	Production Education Manager Massey-Harris
E. L. Barger	Product Education—Ferguson

Canadian Division

G. H. Thomas	Vice President & General Manager
G. W. Wells	Assistant General Manager
G. A. McMillan	Sales Manager
D. J. McLeod	Advertising Manager
L. L. Herrington	Service Manager
J. R. W. Young	Product Training

Western Hemisphere Export Division

E. Abaroa	General Manager
W. Reed-Lewis	Assistant General Manager
J. C. Boyd	Manager, Product Education & Training
C. Galbraith	Manager, Eastern Hemisphere Liaison Dept.

Eastern Hemisphere Division

E. W. Young	Vice-President and Managing Director
G. T. M. Bevan	Vice-President and Director of Engineering
W. W. Mawhinney	Vice-President and General Manager
L. G. Reid	Deputy Director of Engineering
W. B. Wedd	Vice-President and General Manager

(Stipulated Exhibits 823A-H, Cont'd)

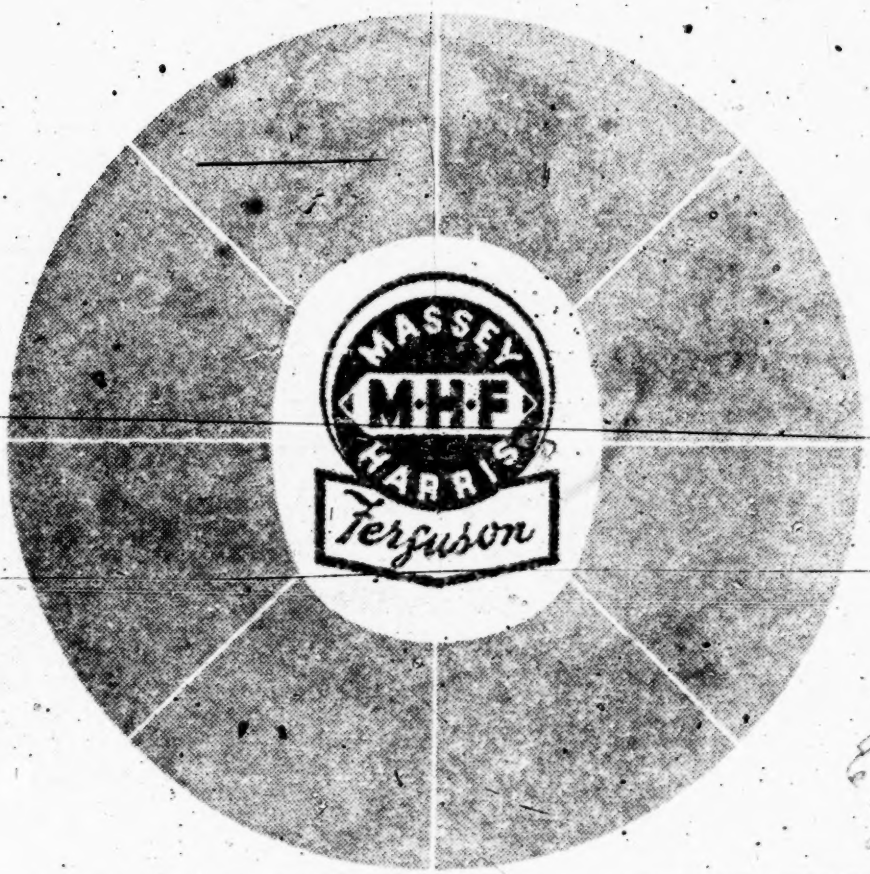
Western Hemisphere Engineering

H. G. Klemm	Vice-President and Director of Engineering
R. W. King	Chief Engineer, Detroit
L. S. Pfost	Executive Engineer & Chief Tractor Engineer
W. A. Watts	Chief Engineer, Canadian Division

Head Office Toronto

H. H. Bloom	First Vice-President
A. A. Thornbrough	Executive Vice-President
E. G. Burgess	Vice-President
C. F. Herrmeyer	Financial Officer
W. Lattman	Vice-President
J. Martin	Director of Public Relations
R. H. Metcalfe	Vice-President, General Administration
M. F. Verity	Vice-President

H. H. Bloom



Exh 10 to Bloom

1953

ANNUAL REPORT

Note:

Pages 97b - 106b are on card 6.
Pages 107b - 116b are on card 7.

C. R. Haggard

Exhibit 14—Haggard.

The following Exhibit 14 to Haggard came from his files, and was written by Bloom during the time he admits he was in complete control of the United States subsidiaries, and charged with the duty of merging them. If it be claimed he wrote that letter as President of Massey-Harris Company—he had no business addressing it to the personnel of the "FERGUSON DIVISION."

December 31, 1953

E. A. Adams	H. L. Hughes	A. Skover
J. H. Garrick	R. L. Jerstad	R. J. Smith
K. H. Krause	R. Johnson	C. H. Stewart
C. P. Milne	L. W. Kahler	C. R. Swanson
L. M. Sweeney	T. C. Keyes	C. A. Swenson
	J. S. Kis	W. S. Temple
	C. Knott	R. Tessmer
G. Barsamian	M. Linden	E. J. Teubner
F. R. Bloom	C. Londre	G. H. Thomas
J. E. Bowden	R. Ludwig	E. W. Todd
R. Broberg	C. Meissner	O. B. Ulstad
J. J. Busch	A. Meyer	C. J. Vosika
W. G. Butrum	M. Michna	R. E. Walker
J. H. Calvert	P. C. Mortenson	J. Wilson
J. D. Campbell	H. L. Nicholls	Joe Zimmerman
J. A. Chobanian	R. Nielsen	
W. Clifford	J. E. Nilles	
G. A. Doolin	R. M. Olsen	FERGUSON DIV.
W. M. Dreier	E. J. Ott	P. A. Brown
C. V. Everett	J. Parsons	J. L. Gilliam
C. L. Feest	L. W. Petersen	J. L. Hooker
L. W. Garver	H. G. Peterson	R. E. Kidder
M. L. Gervais	W. S. Peterson	E. W. Lane
R. Hackler	S. S. Pezanoski	E. J. Latkowski
G. W. Haines	L. S. Pfost	S. S. Roberts
A. Hollo	M. Robotka	A. A. Thornbrough
E. Hoppe	H. A. Schink	L. A. Webster

C. R. Haggard

SUBJECT: TELEPHONE EXPENSES

On various occasions during 1953, we urged the rigid control of the use of long distance telephoning, and in response, most of our departments did a good job in this respect. However, since the amalgamation of Massey-Harris and Ferguson, our telephone expenses have spiraled upward. Lately, there are just too many calls here, there and everywhere, and particularly *between Detroit, Racine and Toronto by various departments;* not only relating to Massey-Harris-Ferguson activities, but also with respect to other general day-to-day business operations.

You are fully aware of the type of year in which we are operating, based on our current budget and the urgent need of expense control. Certainly, the use of the long distance telephone is an item that can be controlled. We are doing less business; we have more time to write. Between air and rail service, we have almost overnight mail service anywhere. This, coupled with the use of the teletype, should make it possible for us to reduce the use of the telephone.

In light of the above, I am looking for a sharp reduction in the use of the telephone and the resultant expense of all departments involved.

/ss/ H. H. Bloom
President

* * *

C. R. Haggard

Exhibit 33A-B—Haggard.

Bloom, writing as First Vice President of the Limited Company, tells the subsidiary what it must do with respect to combines. He again emphasizes that the subsidiary is only a division, and calls the branches "our

branches." The following is the entire letter. Emphasis supplied.

MASSEY-HARRIS-FERGUSON LIMITED

April 5th, 1956.

MEMORANDUM

To: Mr. C. P. Milne, Executive Vice President, RACINE.

From Mr. H. H. Bloom, First Vice President, TORONTO.

Subject: *Critical Combine Situation*

In recent weeks I have drawn to your attention the serious situation that exists in respect *to combine shipments to the U. S. Branch territories,* in relation to manufacturing orders, and have pointed out the necessity of everyone realizing what the facts are and the action necessary, but the response to date has been completely inadequate.

Now here are the facts—throughout the winter and up to April 1st we heard all about the tax problems—and dealers will not take delivery of machines because of tax, etc., etc. Now the tax dates are past. *The U. S. Division* has manufacturing orders on the factory for 6,400 machines after affecting the net reductions and adjustments recently requested. Against this 6,400 requirement, to date *the Canadian Division* has actually shipped to you 2,300 machines, leaving a balance to go of 4,100. Now we know that, with the exception of four or five hundred machines United States trade want their combines to leave the factory here not later than June 1st, and that means June 15th or June 20th on the territory, which, of

course, is entirely too late for territories such as Kansas and some of the early crop territories.

Recognizing that the above requirement dates *of our branches* reflects the actual situation it means that between next Monday and June 1st we have actually 40 shipping days left and, therefore, we require to ship, on account of U. S. requirements, 90 machines per day, plus Canada, plus Export. The securing of flat cars alone, coupled with the peak load that this throws on our shipping facilities, presents in itself a major problem, to say nothing of the thousands of dollars that we have been spending and are spending in taking machines out to our storage facilities in Long Branch and the Exhibition grounds here where all of our storage facilities are now plugged and we have approximately 2,000 machines stored on account of U. S. orders.

This letter is intended, once and for all, to point out to your sales divisions and *the branch executives of our company's U. S. Division* that we must have action, not in the form of a few shipping orders rolling in here to barely take part of the production but orders that will permit the shipment of 100 machines per day, every day between now and June 1st. If this is not done then *no U. S. branch* will be justified in coming along right near the season and complain about not being able to get machines, loosing business etc. Furthermore, we are either badly out on our requested provision for 1956 and, if that is the case, the respective branches must carry the responsibility for misjudgment, which, in turn, will have a serious effect on our operations, or alternately as good business men we must realize that for our company and our dealers to secure maximum sales results with that of competition our dealers surely at this date should have carloads of combines rolling to them, not only for display but for delivery purposes.

C. R. Haggard

It all adds up to one simple thing—*that is that every one of our branch managers must*, without further insistence on the part of the top management, tackle this problem in respect to their own provision for their own territory, and leave no stone unturned in order to see that shipping orders do roll in in volume, in relation to their provision, starting immediately. In this case where *the branch manager* does not handle this he will be expected to carry full responsibility for loss of business, poor sampling conditions, etc. I think this makes it clear that to roll the machines on order it can only be accomplished in an orderly way by carrying out the programme as outlined above.

/ss/ H. H. Bloom
First Vice President

HHB:ab
c.c. Messrs. L. M. Sweeney
W. M. Dreier
M. L. Gervais
All *U. S. Branch Managers*

* * *

C. R. Haggard

Exhibit 3—Haggard.

The following Exhibit 3 to Haggard shows how indiscriminately Duncan acted. He wrote that exhibit on stationery of the subsidiary, signed it as "Chairman of the Board," and in the first sentence refers to "the Company's business throughout the world." No one has ever claimed that the subsidiary does business throughout the world. In the second paragraph of the letter he says that Thornbrough was an officer and director of Harry Ferguson, Inc. at the "time of its acquisition by this Company." All announcements and correspondence state that Ferguson, Inc., was acquired by the Limited Company:

C. R. Haggard

MASSEY-HARRIS-FERGUSON, INC.
Racine, Wisconsin

Manufacturers of Farm Equipment for Over 100 Years

October 12, 1955

To: Vice Presidents
Department Heads
Works Managers
Branch Managers

With the rapid development of the Company's business *throughout the world*, it has become necessary that the Management of the Company be further strengthened by the appointment of an additional senior executive. It now gives me great pleasure to announce the appointment of Mr. Albert A. Thornbrough as Executive Vice-President.

Mr. Thornbrough, who was Vice-President and a Director of Harry Ferguson Incorporated *at the time of its acquisition by this Company*, has had a wealth of experience in the field of agriculture and the farm implement industry.

A graduate of Kansas State College and Harvard University, he engaged in research work with the Department of Agriculture and later, during World War II, in the Office of Price Administration at Washington, he organized the Farm Machinery Branch and assisted in establishing the Machinery Division.

After a period of military service during which he assisted in establishing the Engineers Amphibian Command and other Army Organizations, he joined the "Ferguson" Company in 1946. Following the amalgamation, he became a Vice-President of the United States Com-

C. R. Haggard

pany and early this year was appointed to the position of Vice-President of the Parent Company to co-ordinate and supervise United Kingdom operations and Ferguson tractor programs with Standard Motor Company, all of which has been carried out with marked success and credit to him.

Mr. Thornbrough has become well-known to the whole organization, and I bespeak for him your full co-operation in his new responsibility.

/ss/ Jas. S. Duncan
Chairman of the Board

JSD:fa

J. L. Hooker

Hooker fell in line with complete integration.

Exhibit 181 (stipulated):

October 29, 1954

Mr. L. M. Sweeney
Mr. J. L. Hooker

FERGUSON IMPLEMENT PROGRAM—CANADA

I have just reviewed the contents of a communication directed to Mr. G. H. Thomas under date of October 15th by Mr. J. L. Gilliam. Since this report is most revealing with regard to anticipated production and availability dates of Implements to be manufactured by *our Canadian* Plants, I am attaching a copy for your information.

While I fully recognize that *our Management* did not invite the strike bound situation which exists at our Toronto Plant notwithstanding, unless the wheels of progress start to turn very quickly it is quite apparent that our sales will suffer substantially during the high volume sales season due to non-availability of merchandise.

If my memory serves me correctly, I believe you advised me during the last day or so in conversation that Mr. Bloom was giving this *his undivided attention*, fully recognizing the severity of the situation.

JLH/jr. J. L. Hooker
cc: Mr. H. H. Bloom
Mr. C. P. Milne
Mr. L. A. Webster
Mr. E. W. Lane
Mr. G. H. Thomas

H. H. Bloom

Stipulated exhibit 851.

This letter from Duncan, President of the Limited Company, dated January 26, 1954, shows how completely Duncan regarded all interests in the United States as integral parts of the Limited Company. He got so far ahead in his thinking that he addressed the letter to Bloom as President of the Massey-Harris-Ferguson Co., Racine, seven months before that company came into existence, and at a time when petitioner's lawyers were advising against a merger of the United States subsidiaries because of Federal Anti-Trust Laws:

MASSEY-HARRIS-FERGUSON LIMITED

January 26th, 1954

MEMORANDUM

To: Mr. H. H. Bloom, President, The Massey-Harris-Ferguson Co., Racine

From: Mr. J. S. Duncan, President.

In going over the 1954 Budget, which shows that, in relation to 1953, we have cut $2,546,000, or 20.6% from our expenses, not including Bank Interest, Bond Interest and Pensions, which, by the way, are also down, but it also indicates that when we add in the Ferguson expenses for North Americ[illegible] which are no less than $6,858,000, the total, including Ferguson, shows an increase of $4,470,000 or 15.9%.

I recognize how difficult it is to get expenses under control *until such time as the authorities* will allow us to throw both organizations together, *as had originally been contemplated.* On the other hand, the breakdown of the expenses shows some items which seem to me to be

H. H. Bloom

very much out of line; for instance, an item of Treasurer's Department $322,000, Administrative $421,000, Detroit Distribution $1,133,000, Public Relations $298,000. Then there is a small item of $17,000 cafeteria, why must we lose $17,000 on the cafeteria? In addition to this, we have an item of $790,000, being the United States Branch Sales Expense. All this looks shockingly high on a volume of $38,000,000 including exports.

I should be glad to get your reaction to this situation. I am just wondering whether, in the light of the existing sales situation, we have gone far enough in reducing expenses.

/ss/ JSD
President

J.S.D.:on

H. H. Bloom

* * *

Stipulated Exhibit No. 00072
c.c. Mr. C. P. Milne, Racine

Toronto, July 20th, 1955.

Mr. E. A. Adams, Vice-President, Marketing Research, Racine.

H. H. Bloom, First Vice-President.

Field Survey covering Ferguson Foragers and Balers.

You are aware that during 1955 we tooled up and manufactured approximately 600 Ferguson Foragers and Balers. The exact quantities can be determined from the Racine records. You can also ascertain from Racine the shipments and destinations of each of these units.

Both the Ferguson Forager and Baler, as you are aware, are high quality products and, therefore, sell in the top price range. As a matter of fact, the list price of

H. H. Bloom

(Stipulated Exhibit 00072, Cont'd)

these units at the present time is barely on a break-even basis. Some field troubles have developed which appear to be largely traceable to first-run production problems and some engineering problems but basically both machines appear to be good.

What we now want to determine is the acceptability and future of these two machines and we feel that it is a matter of utmost urgency and importance that your department conduct a full study of the situation at this time so that we may have the benefit of your findings prior to manufacturing commitment as to quantities that should be provided in our 1956 programme. *I am sure that you are aware of what is required and that you will prepare a suitable questionnaire so that your field organization will secure the information desired.* I would urge that good field coverage and contact with users is made so as to get the users individual reaction.

1) Determine users reaction to the side mounted principles, advantages and disadvantages.

2) Performance of machines in the field and approximate acreages harvested.

3) Reaction of users and neighboring farmers as to purchase of this type of quality machine to meet their needs at a higher price as compared to lower priced Foragers and Balers.

4) Specific complaints and suggested improvements made by owners.

Would you endeavor to have your report submitted not later than September 15th, 1955.

/ss/ H. H. Bloom

HHB:fg
c.c. Mr. C. P. Milne
Mrs. H. G. Klemm
Mr. G. H. Thomas

H. H. Bloom

(Stipulated exhibit 297-A-B).

This exhibit shows how completely Toronto took over Harry Ferguson, Inc. It indicates clearly that the Limited Company was to manufacture the Ferguson line and say how it was to be distributed. It is one of the earliest written indications of the Limited Company's intent to steal the big Ferguson tractor. See italicized portion.

MASSEY-HARRIS COMPANY
Limited
Head Office Toronto 3, Canada

James S. Duncan, Chairman and President
October 14th, 1953.

(dictated Oct. 12th)

Mr. H. H. Bloom,
c/o Harry Ferguson, Inc.,
Detroit 32, Michigan.

Dear Mr. Bloom,

I am attaching hereto two copies of my cable to Mr. Young, quoting the cable which I sent to Sir John Black. I am sending you two copies, because I think it would be well that you should pass on a copy to Mr. Klemm, so that he is fully in touch with the situation.

Might I make the following suggestions:

(a) Prior to Klemm's departure for England, he should give you a tentative estimate of the date on which the experimental front end assemblies could be released for test.

H. H. Bloom

(Stipulated Exhibits 297A-B, Cont'd)

(b) The date on which he will be prepared to release the Continental engine for production.

(c) Find out what progress has been made with reference to obtaining a cost for this engine.

(d) That Mr. Klemm should go over to Coventry prepared to indicate to them over there all the parts which he proposes to build for the big tractor or to have built for it in the United States so that they could ascertain the parts or assemblies which they will be sending to us and give us the cost on same.

If we do not get this cost from Coventry, we will not be in a position to make an intelligent estimate of the number of tractors which we can sell in the United States.

(e) Mr. Klemm should also give you an estimate of the date at which he expects to have the cultivating and planting machinery of the mid-mounted type available for test.

All this, of course, as you will recognize, is working up to saying that we must, as soon as possible, be in a position to make up our minds as to when *we could safely launch the big tractor in the United States.* It is all very well to talk of the 15th of September, but if the American portion of the tractor has not been tested or the implements have not been tested, I do not see how this could be done without running undue risks, to say nothing of the risks which we will be running with the English portion of the tractor.

Yours very sincerely,

/ss/ Jas. S. Duncan
President

J.S.D.:on

H. H. Bloom

(Stipulated Exhibit 810)

This shows clearly that distributors were to have a Ferguson mounted combine, and that this was in the making on the date of the amalgamation. The letter indicates Toronto's intention that the distributors should never have a combine.

MASSEY-HARRIS COMPANY, LIMITED

TORONTO, November 27, 1953.

MEMORANDUM

To: Mr. H. H. Bloom, President, RACINE,

From: Mr. E. G. Burgess.

Subject: *Costing Ferguson Mounted Combine*

You will recall that, while we were in Detroit, we had Harris Bulmer and a couple of men come over to get a rough estimate of the cost of *The Ferguson Mounted Combine.*

Doward Henry has been writing to Mr. Duncan in England about this, with a view to setting selling prices, and I pointed out to him that I did not think the selling price should be based on that very cursory examination.

Do you not think that someone from our Cost Department here should go over to Detroit and sit down with the Detroit people and properly cost this machine out, piece by piece? If we do not do this, we may be in for a shock or a surprise and, to set selling prices on such a cursory cost as was arrived at by Mr. Bulmer is unsound.

/ss/ E. G. Burgess

egb.w

H. H. Bloom

(Stipulated Exhibit 299)

MASSEY-HARRIS COMPANY
(Europe) Limited

Morris House, Berkeley Square, London, W.1

7th December, 1953.

CONFIDENTIAL

Mr. H. H. Bloom,
President,
Massey-Harris Co.,
Racine, Wisconsin,
U.S.A.

Dear Mr. Bloom,

I received your telegram of December 2nd with reference to the adaptation of our Continental engine to the large Ferguson tractor and was very much interested in its contents.

I have discussed the situation with Mr. Ferguson whose re-action at the present time is unfavourable based confidentially upon his annoyance with Klemm for having taken such a strong stand on the redesign of the large tractor, but I am hoping however, that I can get this matter straightened out prior to my departure and, therefore, would not suggest that you do anything about it or discuss the matter with either Klemm or Chambers.

Based upon past experience in these matters I have every reason to believe that we will finish up by doing what has been suggested by Klemm and yourself, providing, of course, that the estimates of engineering expense and all costs savin· which you are expecting to

H. H. Bloom

receive from the Continental people work out as you expect.

Yours very sincerely,

/ss/ J. S. Duncan

1847.11

(Stipulated Exhibit 154)

It is difficult to conceive of more unscrupulous thinking than Duncan evidenced in this letter. Such thinking is only deemed scrupulous by monopolists, who have no scruples. Duncan comes out and says in no uncertain terms that with Ferguson out of the picture they can now appropriate the Ferguson system with the aid and abettance of Ferguson's son-in-law.

MASSEY-HARRIS-FERGUSON LIMITED

March 24th, 1954.

MEMORANDUM

To: Messrs. H. H. Bloom and H. G. Klemm.

From: Mr. J. S. Duncan.

With reference to my letter of March 5th, which was dispatched to Mr. Harry Ferguson from San Antonio, Texas, and dealt with industrial tractor sales in North America and their equipment, I received a letter from Tony Sheldon, stating *that his father-in-law* has returned from the Nursing Home, but is under the care of a specialist in his own house, and is still not in a position to read any mail, or even to take an active interest in any business matters.

(Stipulated Exhibit 154, Cont'd)

Mr. Sheldon has discussed the contents of my letter with Mrs. Ferguson and John Peacock, and they feel that, in that it was agreed in the event of Mr. Ferguson's health being such that he could no longer exercise control over the business, *his rights of control of design of the equipment to go wit hthe Ferguson tractor would lapse temporarily*, that this situation has now arisen and, therefore, that this enables me to go ahead without further reference to him, pending his recovery.

Tony Sheldon went on to say that he thought that his father-in-law would be delighted at my suggestion that a committee should be set up, composed of Messrs. Klemm, Bloom and myself, to act in the meantime. *This will, therefore, be you rauthority to set up this committee and to take all suitable action*, and I trust that active steps will now be taken to have this Industrial Division suitably organized, so that *we can get* our full share of these important sales without further delay. Mr. Sheldon went on to suggest that in the past, Mr. Klemm had always sent photographs of any equipment for which he requested approval, and he thought that perhaps it might be a nice idea for him to send photographs of the equipment which the committee was agreeing to, so that Mr. Ferguson could have a look at these when he has recovered.

'ss/ J. S. Duncan
President

J.S.D.:b
c.c. Mr. J. S. D. Tory
Mr. R. H. Metcalfe

(Stipulated Exhibit 848)

Implements for Ferguson tractors to be manufactured in Canada. Toronto makes all the decisions.

(Stipulated Exhibit 848)

Mr. H. H. Bloom—TORONTO

May 1, 1956.

Mr. K. H. Krause—RACINE,

Mr. P. D. Corkum—TORONTO.

Proposed Manufacturing Locations for Implements Planned for MH-75 and F-65 Tractors

In Mr. Burgess' absence, I am replying to your memorandum of April 23rd, regarding the Corn Pickers for the MH-75 and F-65 Tractors.

I discussed your proposal with Mr. Bloom this morning, and he concurs with you that no further new machines should be manufactured at Batavia. It has been decided, therefore, that the new Corn Pickers will be built in Canada, and I will see that the prints are issued to the Canadian Division.

P. D. Corkum

pdc.w
c.c. to Messrs. H. H. Bloom
G. H. Thomas
P. G. Jacka
E. G. Burgess

• • •

(Stipulated Exhibits 831-833)

This is another exhibit, written by Bloom, First Vice President, to the subsidiary. Having appropriated the TO-35 and converted it into the MH-50, this letter re-

H. H. Bloom

(Stipulated Exhibits 831-833, Cont'd)

cords that the Limited Company was then ready to appropriate the large tractor.

MASSEY-HARRIS-FERGUSON LIMITED

April 19th, 1956.

MEMORANDUM

To: Mr. C. P. Milne, Executive Vice President, Racine

From: Mr. H. H. Bloom, First Vice President

This will confirm plans have been finalized, under the direction of Mr. H. G. Klemm, for the presentation and demonstration of the MH-75 and F-65 series of tractors, with related equipment. Also, various models of M-H-F. 333 and 444 tractors will be used, as well as some other competitor's tractors. The meeting and field tests will be conducted at the engineering experimental farm at Ypsilanti, Michigan, only a short distance from our Detroit operations.

Attendance at the meeting is being confined, in the main, to chief members of the Product Committee and *top executives of our company*, and is scheduled to commence on Tuesday morning at 9:00 a.m., May 15th. Therefore, arrival to Detroit should be planned for the Monday evening prior. Duration of this meeting is indefinite; it is quite possible that two days will be devoted to field demonstrations and trials, followed by general discussions.

In light of the above *the following members of the organization* should please accept this as an invitation to be in attendance at this very important occasion:

H. H. Bloom

(Stipulated Exhibits 831-833, Cont'd)

Head Office Executives:

Messrs. A. A. Thornbrough
M. F. Verity W. Lattman

U. S. Division:

Messrs. C. P. Milne E. A. Adams J. Hooker
L. M. Sweeney W. M. Drejer J. Zimmerman
E. L. Barger L. V. Garver

Canadian Division: L. L. Herrington

Messrs. G. H. Thomas J. R. W. Young
G. A. McMillan
P. G. Jaeka (Production Engineering Dept.)
M. V. Burns (Saskatoon Branch Manager)

Western Hemisphere Division:

Messrs. E. Abaroa
W. Reed-Lewis

The above representatives are exclusive of Engineering Department representatives. Mr. Klemm will invite to the meeting those of the various departmental representatives that he desires to be in attendance.

It is anticipated that Tuesday, May 15th and Wednesday, May 16th will clean up the field trials and meeting, but arising out of same there are a number of items which require to be reviewed further by certain executives, and a further meeting is scheduled tentatively for

H. H. Bloom

(Stipulated Exhibits 831-833, Cont'd)

Wednesday, May 17th. The following to be in attendance:

Messrs.	A. A. Thornbrough	G. H. Thomas	W. M. Dreier
	H. G. Klemm	W. Lattman	L. M. Sweeney
	M. F. Verity	C. P. Milne	E. Abaroa
	G. A. McMillan	J. L. Hooker	

The forthcoming meeting is of extreme importance as we are anticipating that it will enable us to arrive at the right conclusions as to our future tractor line, planning, etc. The holding of this meeting *should be considered as confidential as possible* and not be subject of general discussion with other outside members of the organization.

It is quite possible that a limited number of our associates from the United Kingdom will also attend the above meeting.

The Canadian Division will undertake to acquaint Mr. Burns of our desire to have him in attendance and make the necessary arrangements to this end.

/s/ H. H. Bloom

HHB:ab

Distribution:

Messrs.	J. S. Duncan	E. W. Young
	A. A. Thornbrough	W. M. Dreier
	H. G. Klemm	E. Abaroa
	W. Lattman	G. A. McMillan
	M. F. Verity	L. L. Herrington
	G. H. Thomas	P. G. Jacka
	C. P. Milne	J. R. W. Young
	L. M. Sweeney	E. L. Barger
	E. A. Adams	L. V. Garver
	J. L. Hooker	W. Reed-Lewis

H. H. Bloom

(Stipulated Exhibits 831-833, Cont'd).

In the attached memorandum I have outlined the programme in respect to the forthcoming field trials, commencing May 15th and have indicated that a further meeting will be held following the completion of our general meeting, which will be attended by a select group of executives. The purpose of this further meeting is to discuss problems that have developed following amalgamation, relating to our method of operation, particularly in the U.S.A. and the need to arrive at a solution of the problem of what our long term policy would be:

1) Practicality of merchandising two lines either through separate distributor set-up, or within a two division set-up in our company branches.

2) Determine degree of similarity of products that, in turn, can be successfully merchandised.

3) Problems relating to pricing, policies, discounts, etc.

4) Possible effect of policies decided upon to meet North American problems in other export areas, such as Australia, South Africa, Latin America and others, where the company has two separate organizations, which market is, in whole or part, supplied with products of North American manufacture.

There are undoubtedly many angles to these and other problems to be reviewed at this meeting. We should all give this matter a lot of consideration and further preliminary study prior to the meeting, in order that we will be in a position to submit data, facts and recommenda-

tions to enable us to chart our future policy and agree as to the best course in the long term best interests of the company.

H. H. Bloom

HHB/ab
April 19th, 1956.

Evidence Of Anti-Trust Violations and Conspiracy

Harry Ferguson was an internationally known inventive genius and has devoted his life work to improving agricultural tractors, machines and implements. He invented and obtained patents on what is called throughout this record "The Famous Ferguson System," making possible for the first time the automatic coupling of plows, combines and other implements to the tractor, and automatically controlling the operation of the implements by devices manipulated by the tractor driver. Petitioner's officials recorded in minutes and correspondence that its tractors and implements were becoming outmoded and obsolete. Immediately following amalgamation petitioner's President wrote its stockholders and advertised by radio, newspapers and magazines that the Ferguson System was ten (10) years in advance of the industry.

Harry Ferguson and Harry Ferguson, Inc., were committed to a policy of marketing through distributors and dealers acquired by and trained, and in many instances financed by distributors. Petitioner marketed its products through its own branches, who in turn marketed through dealers. The twenty-six (26) distributors had millions of dollars invested in real estate, buildings, inventories, accounts receivable, and other assets essen-

tial to carrying on successful businesses. Ferguson dealers (approximately 2,000) had large investments in real estate, buildings, inventories, accounts receivable, and other assets essential to carrying on successful businessee. The distributors' dealer organizations were of tremendous value as outlets for the manufactured products.

Contemporaneously with the amalgamation announcement petitioner publicly announced by news release and radio broadcast that the Massey-Harris line and Ferguson line were not competitive but complementary. Distributors and Ferguson dealers were assured by telegrams and letters that the lines would be kept separate and that the Ferguson line would continue to be marketed through Ferguson distributors and dealers exclusively. Those representations and assurances were repeated continuously by petitioner until about the middle of 1955. In early letters (written within thirty days after amalgamation) those assurances were combined with requests and recommendations that Ferguson distributors encourage their dealers to take on Massey-Harris products as a complementary line, and thereafter operate under franchises between those dealers and the Massey-Harris branches along with their Ferguson franchises. Petitioners First Vice President sent two delegates to Memphis and persuaded plaintiffs' President to encourage plaintiffs' dealers to take on the Massey-Harris line and sign Massey-Harris franchises. Plaintiffs' President cooperated and plaintiffs' largest and best dealers were cross-franchised.

During the period August 16, 1953, to the latter part

of 1955, petitioner's officials and the officials of the wholly owned subsidiary, Massey-Harris Company, and the Engineering Departments, recorded in minutes of official and committee meetings and in correspondence that the Ferguson System would be incorporated and built into Massey-Harris tractors and implements as rapidly as the Federal Trade Commission, the Anti-Trust Laws and Distributors could be circumvented.

As early as March, 1954, those minutes and the correspondence recorded:

> "* * * we are implementing a policy, which we have had in mind ever since the amalgamation, namely, that we should inject into the Massey-Harris engineering the modern concept of Ferguson engineering, * * *" (Exhibit 1-F to Klemm).
>
> * * *
>
> "*Anti-Trust.* I regret to advise that on Friday last both the U. S. Massey-Harris Company and Harry Ferguson, Inc., received letters from the Federal Trade Commission requesting specific information covering the merger.
>
> Contact has been made with both Sonnett and Tory and we are proceeding to compile the information requested, all of which will be submitted to the lawyers jointly, and we will be guided in the presentation of same under their direction. We have no knowledge of what prompted the Federal Trade Commission to take the action that they have. We do not feel that it has developed from the territory or any action which we have taken, but could be as a result of information relayed to the Federal Trade Commission by the tax authorities who were recently auditing the Ferguson books at Detroit at

which time they might have advised the Trade Commission of the merger. Alternatively, it might have been prompted by the parent company's amalgamation announcement or as a result of some competitor prompting the Federal Trade Commission about the amalgamation. This development can cause us a lot of grief but, on the other hand, if it proves to be only a formal inquiry and we are successful in satisfying the Trade Commission at this point, it might actually result in the speeding up of the merger bringing the two U. S. companies together. You can rest assured that the matter will be handled carefully and under the full direction of respective legal representatives. Copy of Trade Commission letters enclosed." (Stipulated Exhibit No. 00144, a letter from Bloom, First Vice President, to Duncan, President and Chairman of the Board, December 7, 1953).

* * *

"Insofar as the United States is concerned, it has been decided that the only policy which is advisable, not only from a legal point of view, or from an anti-trust point of view, but from the point of view of getting the largest amount of volume possible, is to keep two separate distributing organizations—those handling the Ferguson machines and those handling the Massey-Harris machines, and it is to implement this policy that we are developing the 3 new Massey-Harris tractors above described."

* * *

"G) The conference agreed that we must keep as much difference as possible between the two lines, but, at the same time, that from the point of view of economic production, certain fundamental features must remain similar. Having agreed, however, that the basic components will be the same, we must go

as far as possible to make the machines different in outward appearance."

* * *

"We all recognize that the most delicate aspect of this situation will be the Massey-Harris version of the TO 35, because we will be giving the Massey-Harris organization a tractor, which, in respect to its main characteristics, will be exactly the same as the Ferguson TO 35, and we recognize that we will meet substantial opposition to this policy. On the other hand, the tractor will have a different outward appearance, a different engine (*) and a different colour scheme. This decision can only be finalized after Mr. John Tory has cleared the legal aspect of the situation." (* It came out with the same engine). (Exhibit 1-E to Klemm, a CONFIDENTIAL "Memorandum" covering certain decisions taken at Conference in San Antonio, Texas, March 7th to 11th, 1954, dated March 12th, 1954.)

"United States has large and good Distributors and Dealers for both M-H and Ferguson, and they fear disbanding of any would mean serious loss of volume. Having moral, and perhaps legal, obligation the U. S. feel committed to maintain two distributing set-ups, even though they recognize the difficulty of merging the engineering and manufacturing efforts to supply two complete lines."

* * *

"Mr. Bloom points out that this means two lines that are not complementary, but are competitive, and holds that neither organization is so good as to justify excluding the other."

* * *

"The President requested study of legal position of amalgamation under Sherman anti-trust law, and

quoted position of M.H.C. who once sold five lines, Osborne, Plano, Milwaukee, McCormick and Deering, and who eventually presented only the McCormick-Deering line. Mr. Tory agreed to pursue the work already underway with such investigation."

* * *

"He (Duncan, President) also raised the point of whether TO 35 can be released for sale by M-H. Counsel preferred consultation before expressing final legal opinion."

* * *

"The meeting took decision that Mr. Tory will check the legal aspect, and Mr. Klemm is to suggest an M-H version of TO 35 at least, and the TO 60 also." (Exhibit 3 to Klemm—Minutes of Executive Meeting at San Antonio, Texas, March 10, 1954).

* * *

"Propose that we maintain two Sales Divisions for Massey-Harris and Ferguson lines respectively. This is the announced policy of the United States Company and any basic change could cause serious trouble in Washington with the Federal Trade Commission. This Department is presently investigating the amalgamation."

* * *

"With regard to 1956. The Massey-Harris Sales Division has recommended a Hybrid Version of T.O. 35 Tractor and also a Hybrid Version T.E. 60 Tractor. These developments are dependent upon satisfactory clarification of the legal position. If these complications cannot be overcome, we would recommend substantial modification to Models 23 and 33 Tractors." (Exhibit 2 to Klemm, pps. 3 & 5-6).

* * *

Anti-Trust Violations and Conspiracy

"*PROBLEM*: Questions arising re Corporate Consolidation of H. F. Inc. and the M-H Co.

After consultation by telephone with Mr. Sonnett (Mr. Ferguson's Solicitor) Mr. Tory advised that no steps be taken at this time to merge these two companies. After Dec. 21, 1953 the situation can be reviewed in relation to anti-trust and anti-merger legislation and in the light of government policy." (Stipulated Exhibit 311A-C).

"Since Mr. H. H. Bloom's return from England, he has had meetings with the Sales Department and has informed us that the present TO-60 program has been completely shelved and, in the meeting this morning, he asked that we write you requesting that you withdraw all material commitments and production schedules on the above subject Implements.

This decision and information is extremely confidential and we prefer to have as little discussion about the further delay of the TO-60 Tractor program as is humanly possible, until such time as there ca nbe an orderly and well-timed announcement to the trade." (Stipulated Exhibit 204, DEPARTMENTAL COMMUNICATION, May 19, 1954, from L. A. Webster—Racine to G. H. Wells—Toronto).

* * *

"If you share my views and agree with my conclusions and recommendations, and in the event the TE-60 project would be shelved, it may, for reasons of explanation outside or within the company, be desirable to find a single, positive reason without making it necessary to explain all the ramifications, and I have a suggestion to offer:

* * *

> In view of all the circumstances, it would be my recommendation that we abandon the TE-60 tractor and immediately curtail any further engineering work in connection with this project. Furthermore, I would recommend that we stop all tooling of the implements for the TE-60 tractor and carry on the engineering and development of those implements which would be applicable to the MH-70. I would further recommend that we continue the development and testing of the Ferguson Diesel engine so that this engine will be available for the MH-70 tractor." (Exhibit 14A-N to Bloom, letter dated June 10th, 1954, from Klemm to Duncan).

Legal inhibitions being ever present, petitioner has kept the large Ferguson tractor and implements shelved until such time as it can bring it out as a Massey-Harris product. The following is from Stipulated Exhibit 297A-B, which is a letter dated October 14, 1953, written by Duncan to Bloom:

> "All this, of course as you will recognize, is working up to saying that we must, as soon as possible, be in a position to make up our mind as to when we could safely launch the big tractor in the United States."

About the middle of 1955 the officials of petitioner and its subsidiary abandoned all caution and appropriated the improved Ferguson 2-plow tractor and related implements, painted them the Massey-Harris red, extravagantly advertised the tractor as the Massey-Harris Miracle, stocked Massey-Harris branches with those tractors and implements, who in turn stocked plaintiffs cross-franchised dealers.

Anti-Trust Violations and Conspiracy

Having acquired a strangle hold upon the desirable distributors' dealers and completely appropriated the Ferguson System officials of the Parent and subsidiary recorded:

> "The general opinion was, as we have discussed so many times previously, that the small independent distributor has no place in the present distribution pattern and must be wiped out ultimately."
>
> * * *
>
> It was Mr. Hooker's view that in view of the probable ultimate and fairly early eliminating of the distributor system, there was no point in spending millions of dollars in trying to make two tractors that were distinctly different." (Stipulated Exhibit 392 —"NOTES ON DISCUSSION AT DETROIT, TUESDAY EVENING, MARCH 13, 1956, AT DEARBORN INN."

H. H. Bloom

M·H·F
Telefilm

MASSEY-HARRIS-FERGUSON LIMITED
Head Office: 915 KING ST. W., TORONTO, CANADA

DIRECTORS

H. G. Ferguson
Chairman of the Board

*H. H. Bloom
G. P. Campbell, Q.C.
H. J. Carmichael
*J. S. Duncan
President
C. L. Gundy

H. B. Housser
H. G. Kiernan
*G. C. Lobb
*M. W. McCutcheon, Q.C.
J. A. McDougald
W. H. Moore, Q.C.

*W. E. Phillips
Chairman Executive Committee
J. A. Simard
*E. P. Taylor
*J. S. D. Tory, Q.C.
*C. W. Webster
E. W. Young

* Member of Executive Committee

OFFICERS

J. S. Duncan	President	
H. H. Bloom	Vice-President	President, United States Division
C. N. Appleton	Vice-President and Secretary	
C. T. McIlveen	Vice-President	Director of Massey-Harris Engineering, Eastern Hemisphere Division
L. C. Burgess	Vice-President	Manufacturing and Engineering, General Manager, Canadian Division
W. Latimer	Vice-President	Planning and Procurement
W. W. Mackinney	Vice-President	General Manager, Eastern Hemisphere Export Division
R. B. Metcalfe	Vice-President	General Administration
M. F. Verity	Vice-President	
E. W. Young	Vice-President	Managing Director, Eastern Hemisphere Division

GENERAL COUNSEL
J. S. D. Tory, Q.C.
Clarkson, Gordon & Co., Toronto, Ont.

AUDITORS
National Trust Company Limited, Toronto, Ont. • The Toronto General Trusts Corporation, Montreal, Que.

TRANSFER AGENTS
The Toronto General Trusts Corporation, Toronto, Ont. • The Canadian Bank of Commerce, Montreal, Que.

REGISTRARS

H. H. Bloom

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

This annual report covers only the operations of Massey-Harris in North America. Subsidiaries outside North America are carried on the balance sheet as investments and only the dividends received from them are included in the statement of consolidated income. The Ferguson Companies are shown in the balance sheet as an investment and their operations are not included in this report.

The closing day of the year's operations witnessed a change in the name of the Company, which on October 31st became Massey-Harris-Ferguson Limited in accordance with the terms of the agreement for the amalgamation of the Harry Ferguson Companies with Massey Harris Company, Limited.

The uniting of these two world renowned organizations is an event outstanding in the history of the implement industry and certainly one of the greatest in the 106 years' lifetime of your Company. To the Company's line of machines which has given leadership in the field of mechanization of large farms is now added the Ferguson line of tractors and mounted implements employing the revolutionary Ferguson System, which over the past thirteen years has brought about a speedy mechanization of the farms of smaller acreages. The two lines are complementary rather than competitive and place the Company in an exceedingly strong competitive position in the entire field of farm mechanization.

The amalgamation having taken place as of October 31st, the operations of the Ferguson Companies are not included in the statement of consolidated income for the year, but the assets acquired are carried on the balance sheet as investments. The acquiring of the assets, valued at $16,385,000, was effected by the issuance of 1,805,055 shares of the capital stock of Massey-Harris-Ferguson Limited.

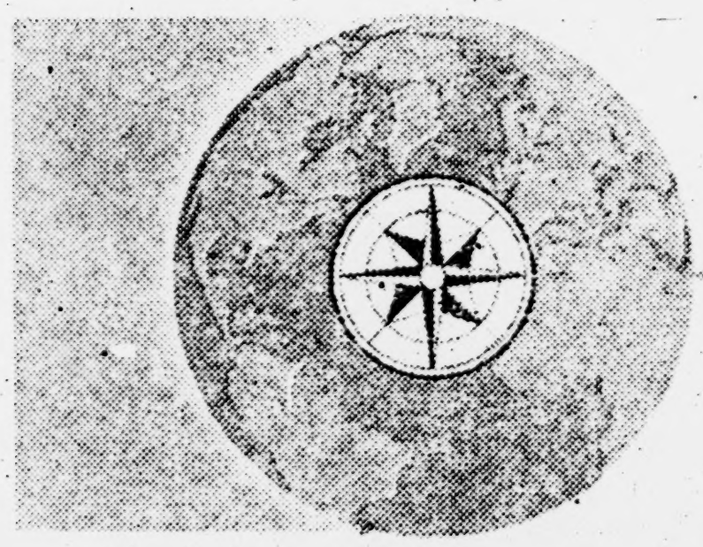
H. H. Bloom

The net worth of the Consolidated Ferguson Companies was made up as follows:

Cash	$ 5,809,000
Other Current Assets	19,191,000
	$25,000,000
Less—Current Liabilities other than Funded Indebtedness falling due within one year	$10,299,000
	$14,701,000
Fixed Assets	3,437,000
	$18,138,000
Less—Funded Indebtedness	1,753,000
Net Worth	$16,385,000

In addition to the foregoing there are the invaluable assets acquired against which no dollar value was placed, such as engineering skills, the hundreds of valuable patents, licences and inventions; a forthcoming additional line of larger tractors and farm equipment; the highly trained personnel of the Ferguson world-wide sales organizations, and perhaps most of all, the continuing services of Mr. Harry G. Ferguson himself, whose remarkable achievements in engineering have made and will continue to make a profound impact on world agriculture.

MASSEY-HARRIS
WORLD-WIDE SALES



	REGULAR BUSINESS	DEFENCE PRODUCTION	TOTAL
1911	$ 21,046,603		$ 21,046,603
1912	23,516,972*	$ 750,050	24,267,022
1913	29,995,919*	4,617,966	34,613,885
1914	29,936,074*	28,306,438	58,242,512
1915	24,898,453*	67,368,172	92,266,625
1916	40,578,965*	50,393,699	90,972,664
1917	48,098,582*	67,665,028	115,763,610
1918	66,734,197	5,659,222	72,393,419
1919	87,480,937	1,521,367	89,002,304
1920	154,522,379	—	154,522,379
1921	186,664,773	—	186,664,773
1922	196,025,391	—	196,025,391
1923	251,876,956	—	251,876,956
1924	248,923,796	44,099,251	293,023,047
1925	204,198,420	44,943,729	249,142,149
including Ferguson	323,594,820	44,943,729	368,538,549

*Exclusive of sales of Continental European subsidiaries not under Company control during this period.

H. H. Bloom

MASSEY-HARRIS-

CONSOLIDATED

OCTOBER 31, 1953

ASSETS

	October 31, 1953	October 31, 1952
CURRENT:		
Cash	$ 10,972,741	$ 7,426,707
Government securities—at cost (which approximates market)	3,969,290	
Bills and accounts receivable (less provision for possible losses, 1953—$4,255,331; 1952—$4,442,658)—		
Trade, etc.	25,701,695	24,306,397
United States and Canadian Governments (re defence contracts)	2,329,802	6,441,454
Subsidiary companies (including balances maturing beyond 12 months, 1953—$155,622; 1952—$1,679,263)	4,318,222	7,680,966
Inventories—as determined and certified by the management and valued at the lower of cost or market	81,231,918	83,286,370
Insurance deposits and prepaid expenses	1,654,210	993,062
	$129,627,818	$130,140,956
INVESTMENTS:		
Shares of newly acquired subsidiary companies (the "Ferguson" group), together with cash and certain other assets in the United Kingdom acquired under the agreement with Mr. Harry G. Ferguson (Note 2)	$ 16,385,000	
Shares in and advances to other subsidiary companies outside North America and investment in New Zealand branch (not consolidated) at values which in the aggregate are less than cost (Note 3)	$ 6,984,723	$ 6,058,226
Shares in other companies—at cost less amounts written off	$ 1,318,350	$ 1,318,350
FIXED:		
Land, buildings and equipment, at cost	$ 50,654,840	$ 48,422,313
Less accumulated depreciation	25,753,939	23,382,136
	$ 24,900,901	$ 25,040,177
PATENTS	$ 1	$ 1
	$179,216,796	$152,557,710

On behalf of the Board,

J. S. DUNCAN, Director

E. P. TAYLOR, Director

H. H. Bloom

FERGUSON LIMITED

BALANCE SHEET

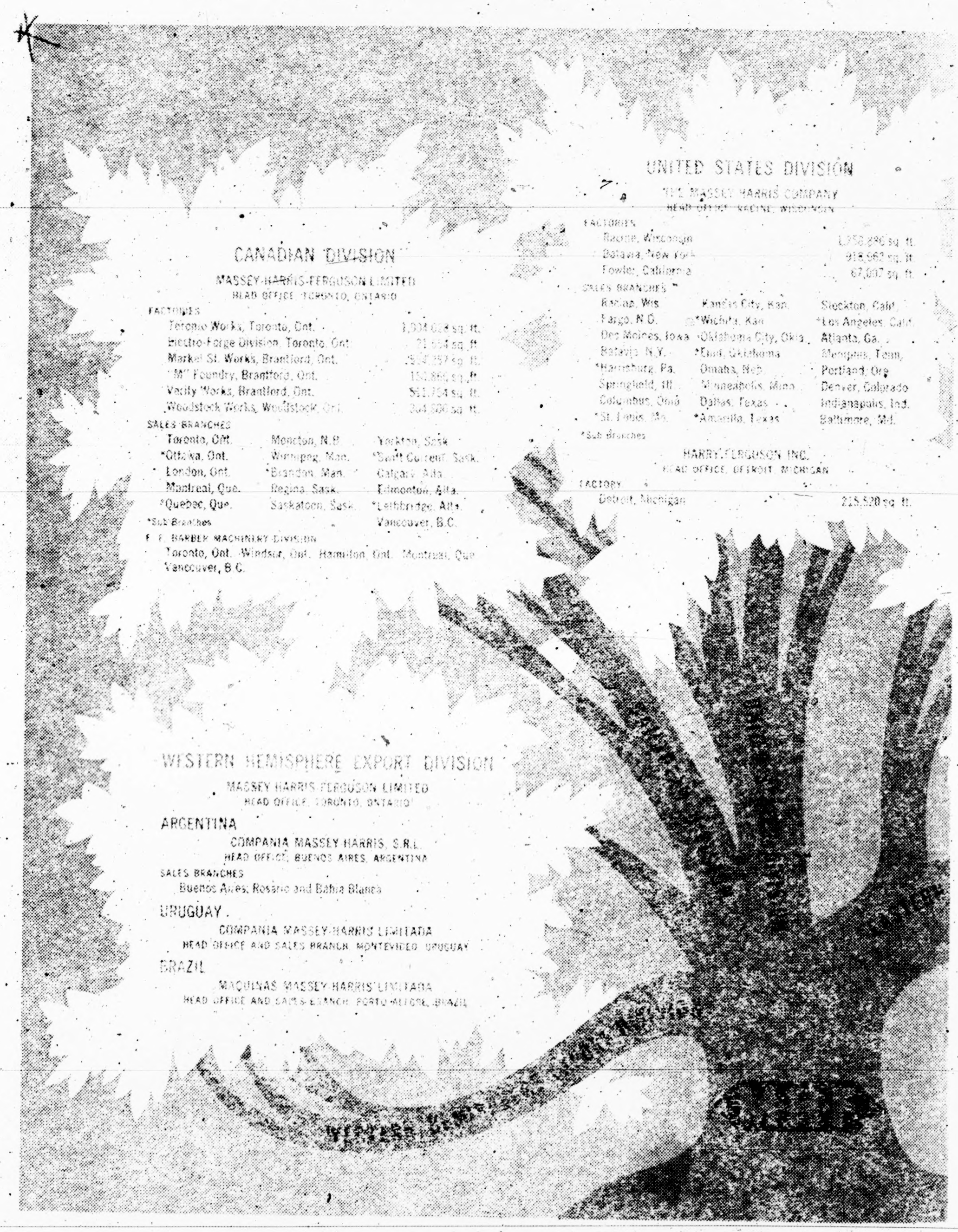
AND OCTOBER 31, 1952

LIABILITIES AND SHAREHOLDERS' EQUITY

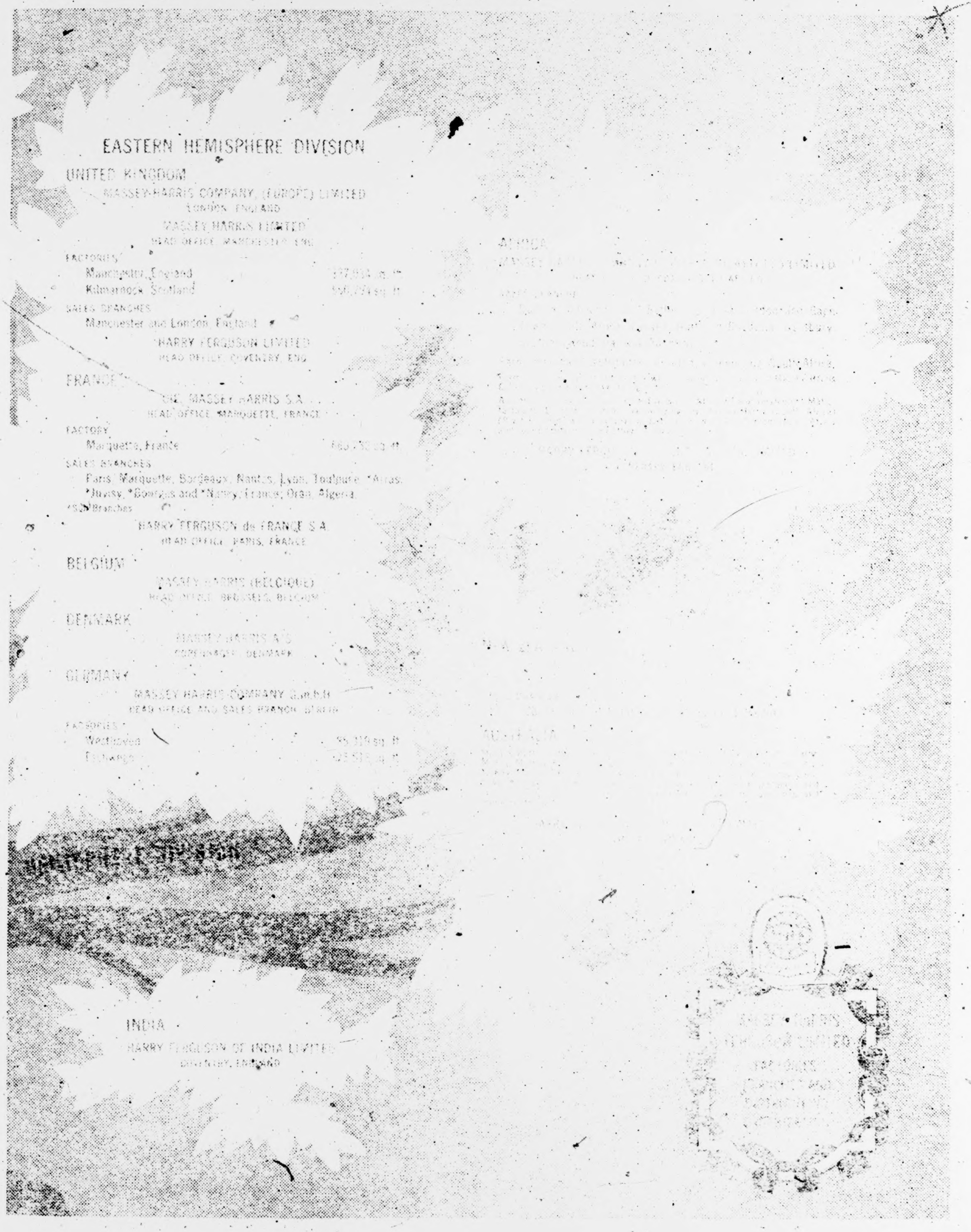
	July 31, 1953	October 31, 1952
CURRENT:		
Accounts payable and accrued charges	$ 10,264,987	$ 14,426,381
Income, sales and other taxes payable	6,887,039	9,503,647
Dividend payable December 15	425,867	1,151,303
Advance payments from customers	173,235	768,445
Due to subsidiary companies	2,079,685	
Funded debt instalments maturing within one year	1,850,000	1,650,000
	$ 22,759,713	$ 27,543,379
DEFERRED INCOME:		
Deferred income on sales to subsidiaries and dealers	$ 2,113,382	$ 2,102,258
RESERVES:		
For inventories	$ 15,683,101	$ 15,583,421
For contingencies	3,507,086	3,507,089
For pensions	3,398,471	3,259,218
	$ 23,581,658	$ 23,349,791
FUNDED DEBT:		
Massey-Harris-Ferguson Limited (Canada)—payable in Canadian dollars—		
First mortgage bonds (authorized less redeemed $17,303,000)—		
Serial 3½% bonds Series "A", maturing annually June 1, 1954-56	$ 1,650,000	$ 1,300,000
Sinking fund 3½% bonds Series "A", maturing June 1, 1965	8,250,000	8,250,000
Serial and sinking fund debentures—		
3½% Serial debentures maturing annually September 1, 1954-58	3,600,000	3,600,000
3½% Sinking fund debentures maturing September 1, 1979	10,000,000	10,000,000
5% Fifteen-year sinking fund debentures maturing July 1, 1962	9,500,000	10,000,000
The Massey-Harris Company (U.S.A.)—payable in U.S. dollars—		
3¼-5% promissory note maturing November 1, 1963 ($400,000 to be prepaid annually November 1, 1954-62)	8,000,000	8,400,000
4¼-5% promissory note maturing April 1, 1972 ($200,000 to be prepaid annually April 1, 1954-71)	4,800,000	5,000,000
4% promissory note maturing March 1, 1973 ($200,000 to be prepaid annually March 1, 1954-72)	5,000,000	
	$ 50,800,000	$ 46,850,000
Less principal instalments maturing within one year, included under current liabilities	1,850,000	1,650,000
	$ 47,950,000	$ 45,200,000
CAPITAL AND UNAPPROPRIATED EARNINGS:		
Capital—		
Authorized—12,500,000 common shares without nominal or par value		
Issued—1953—9,500,855 shares; 1952—7,695,800 shares (Note 2)	$ 31,915,909	$ 15,161,989
Capital surplus	1,785,973	1,785,973
Unappropriated earnings retained for use in the business	49,149,771	46,714,320
	$ 82,782,733	$ 63,962,282
	$179,216,796	$162,557,710

(See accompanying notes to financial statements)

H. H. Bloom


CANADIAN DIVISION
MASSEY-HARRIS-FERGUSON LIMITED
HEAD OFFICE, TORONTO, ONTARIO
FACTORIES
Toronto Works, Toronto, Ont. 1,034,624 sq. ft.
Electro-Forge Division, Toronto, Ont. 21,654 sq. ft.
Market St. Works, Brantford, Ont. 525,257 sq. ft.
"M" Foundry, Brantford, Ont. 150,866 sq. ft.
Verity Works, Brantford, Ont. 561,754 sq. ft.
Woodstock Works, Woodstock, Ont. 241,000 sq. ft.
SALES BRANCHES
Toronto, Ont. Moncton, N.B. Yorkton, Sask.
*Ottawa, Ont. Winnipeg, Man. *Swift Current, Sask.
London, Ont. *Brandon, Man. Calgary, Alta.
Montreal, Que. Regina, Sask. Edmonton, Alta.
*Quebec, Que. Saskatoon, Sask. *Lethbridge, Alta.
Vancouver, B.C.
*Sub Branches
F. E. BARBER MACHINERY DIVISION
Toronto, Ont. Windsor, Ont. Hamilton, Ont. Montreal, Que.
Vancouver, B.C.
UNITED STATES DIVISION
THE MASSEY HARRIS COMPANY
HEAD OFFICE, RACINE, WISCONSIN
FACTORIES
Racine, Wisconsin 1,058,896 sq. ft.
Batavia, New York 918,962 sq. ft.
Fowler, California 67,887 sq. ft.
SALES BRANCHES
Kansas, Wis. Kansas City, Kan. Stockton, Calif.
Fargo, N.D. *Wichita, Kan. *Los Angeles, Calif.
Des Moines, Iowa *Oklahoma City, Okla. Atlanta, Ga.
Batavia, N.Y. *Enid, Oklahoma Memphis, Tenn.
*Harrisburg, Pa. Omaha, Neb. Portland, Ore.
Springfield, Ill. Minneapolis, Minn. Denver, Colorado
Columbus, Ohio Dallas, Texas Indianapolis, Ind.
*St. Louis, Mo. *Amarillo, Texas Baltimore, Md.
*Sub Branches
HARRY FERGUSON INC.
HEAD OFFICE, DETROIT, MICHIGAN
FACTORY
Detroit, Michigan 215,520 sq. ft.
WESTERN HEMISPHERE EXPORT DIVISION
MASSEY HARRIS FERGUSON LIMITED
HEAD OFFICE, TORONTO, ONTARIO
ARGENTINA
COMPANIA MASSEY HARRIS, S.R.L.
HEAD OFFICE, BUENOS AIRES, ARGENTINA
SALES BRANCHES
Buenos Aires, Rosario and Bahia Blanca
URUGUAY
COMPANIA MASSEY-HARRIS LIMITADA
HEAD OFFICE AND SALES BRANCH, MONTEVIDEO, URUGUAY
BRAZIL
MAQUINAS MASSEY-HARRIS LIMITADA
HEAD OFFICE AND SALES BRANCH, PORTO ALEGRE, BRAZIL

H. H. Bloom


EASTERN HEMISPHERE DIVISION
UNITED KINGDOM
MASSEY-HARRIS COMPANY, (EUROPE) LIMITED
LONDON, ENGLAND
MASSEY HARRIS LIMITED
HEAD OFFICE, MANCHESTER, ENG.
FACTORIES
Manchester, England
Kilmarnock, Scotland
SALES BRANCHES
Manchester and London, England
HARRY FERGUSON LIMITED
HEAD OFFICE, COVENTRY, ENG.
FRANCE
CIE. MASSEY HARRIS S.A.
HEAD OFFICE, MARQUETTE, FRANCE
FACTORY
Marquette, France
SALES BRANCHES
Paris, Marquette, Bordeaux, Nantes, Lyon, Toulouse, *Arras,
*Bourges, *Bourgoin and *Nancy, France; Oran, Algeria
*Sub Branches
HARRY FERGUSON de FRANCE S.A.
HEAD OFFICE, PARIS, FRANCE
BELGIUM
MASSEY HARRIS (BELGIQUE)
HEAD OFFICE, BRUSSELS, BELGIUM
DENMARK
MASSEY HARRIS A/S
COPENHAGEN, DENMARK
GERMANY
MASSEY HARRIS COMPANY G.m.b.H.
HEAD OFFICE AND SALES BRANCH, BERLIN
FACTORIES
Westwood
Eschwege
INDIA
HARRY FERGUSON OF INDIA LIMITED
COVENTRY, ENGLAND

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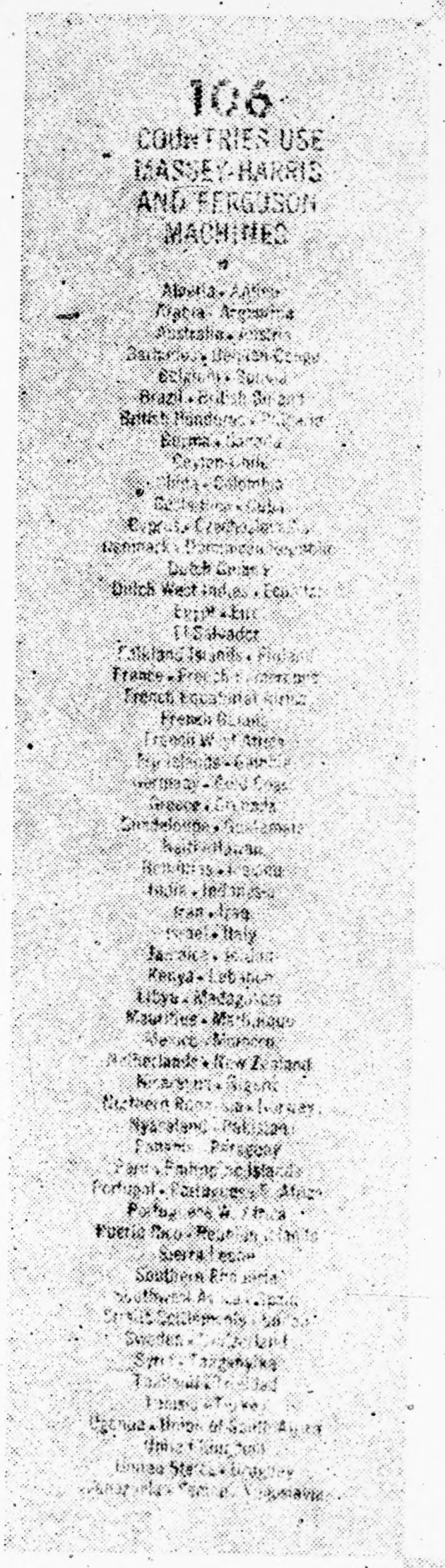
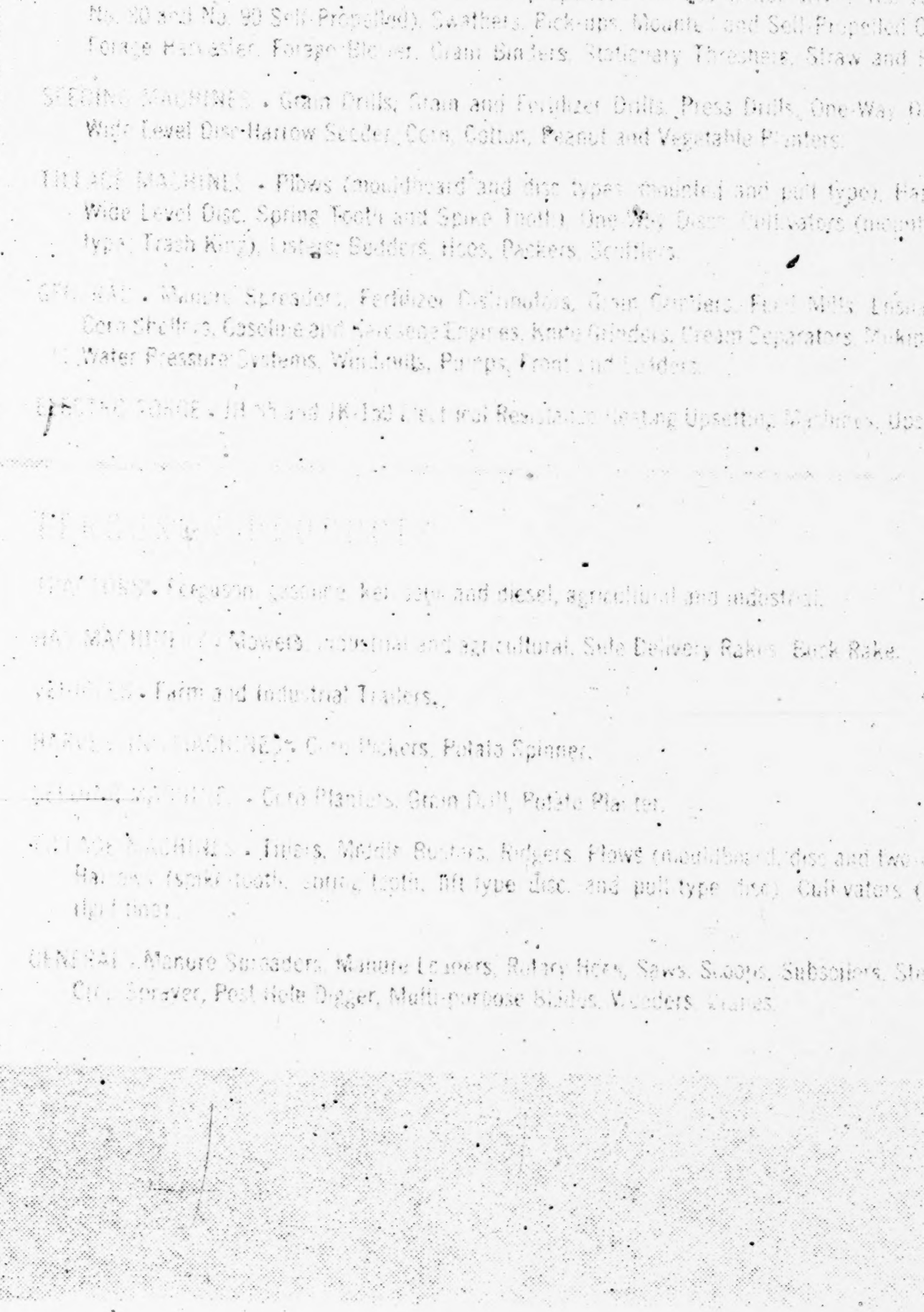
H. H. Bloom





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H. H. Bloom

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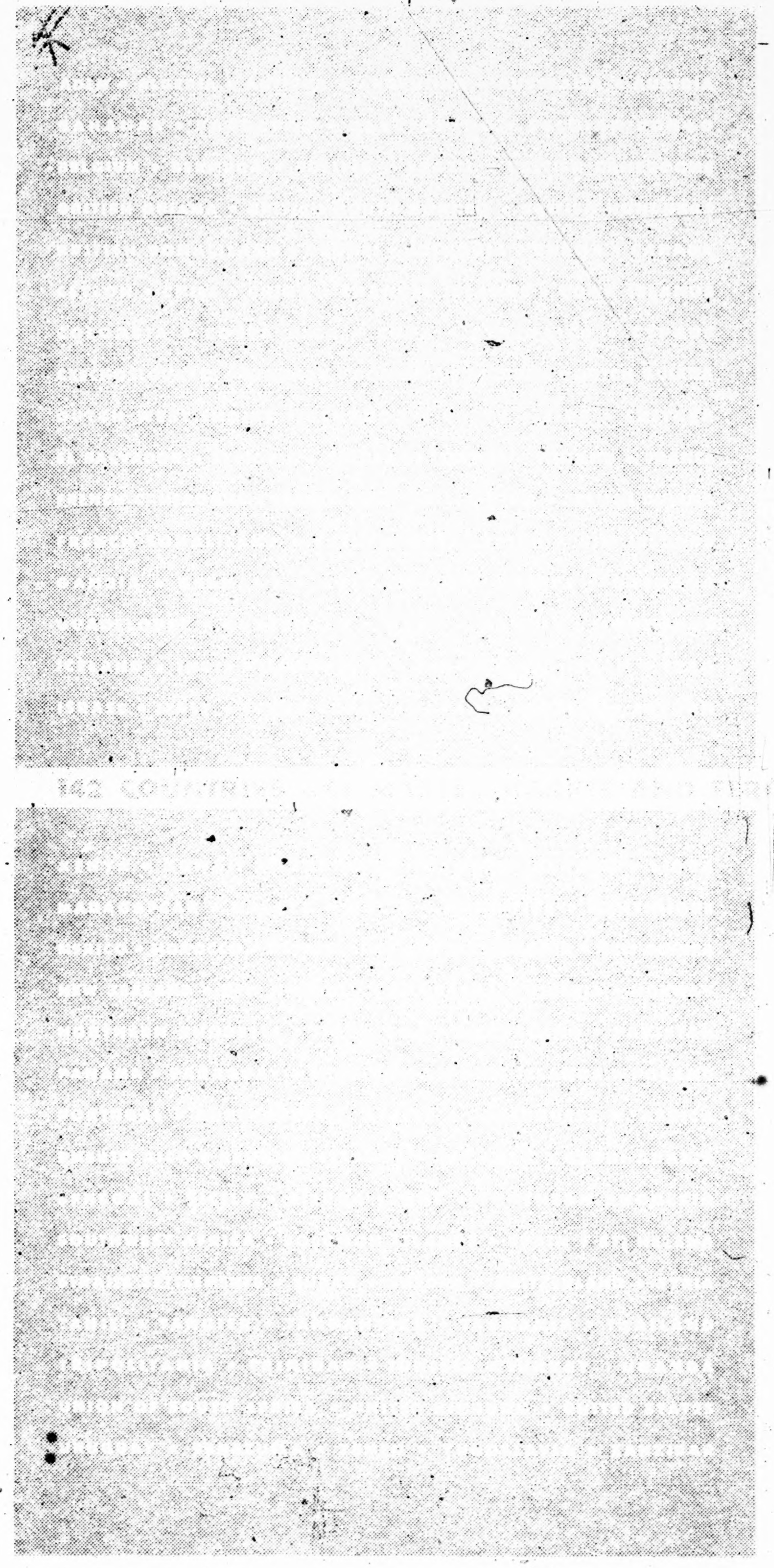
MASSEY-HARRIS-FERGUSON LIMITED

ANNUAL REPORT - 1954

MASSEY-HARRIS-FERGUSON LIMITED

Ed. H. Bloom

H. H. Bloom



H. H. Bloom

Head Office, 915 King St. W., Toronto, Canada

DIRECTORS

*J. S. Duncan, Chairman of the Board and President *W. E. Phillips, Chairman Executive Committee
*H. H. Bloom H. Borden, Q.C. G. P. Campbell, Q.C. H. J. Carmichael C. L. Gundy
H. B. Housser H. G. Klemm *M. W. McCutcheon, Q.C. *J. A. McDougald W. H. Moore, Q.C.
J. A. Simard *E. P. Taylor *C. W. Wetmore E. W. Young
*Members of Executive Committee

OFFICERS

J. S. Duncan, Chairman of the Board and President
H. H. Bloom, First Vice-President, President United States Division
C. N. Appleton, Vice-President and Secretary
G. T. M. Bevan, Vice-President, Director of Engineering, Eastern Hemisphere
E. G. Burgess, Vice-President, Manufacturing
H. G. Klemm, Vice-President, Director of Engineering, Western Hemisphere
W. Lattman, Vice-President, Planning and Procurement
W. W. Mawhinney, Vice-President, General Manager, Eastern Hemisphere Export Division
R. H. Metcalfe, Vice-President, General Administration
L. T. Ritchie, Vice-President, General Manager, Canadian Division
A. A. Thornbrough, Vice-President
M. F. Verity, Vice-President
E. W. Young, Vice-President, Managing Director, Eastern Hemisphere Division

National Trust Company, Limited, Toronto, Ont. and Vancouver, B.C., Canada
The Toronto General Trusts Corporation, Montreal, Que., Canada
The Canadian Bank of Commerce, Halifax, N.S., Canada
The Canadian Bank of Commerce Trust Company, New York, N.Y., U.S.A.
The British Empire Trust Company, Limited, London, England

The Toronto General Trusts Corporation, Toronto, Ont., Canada
National Trust Company, Limited, Vancouver, B.C., Canada
The Canadian Bank of Commerce, Montreal, Que. and Halifax, N.S., Canada
The Canadian Bank of Commerce Trust Company, New York, N.Y., U.S.A.
The British Empire Trust Company, Limited, London, England

Clarkson, Gordon & Co., Toronto, Ont.

Head Office, Racine, Wisconsin, U.S.A.

J. S. Duncan, Chairman of the Board H. H. Bloom, President
C. P. Milne, Executive Vice-President
E. A. Adams, Vice-President, Product and Field Research J. H. Carrick, Vice-President and Treasurer
H. G. Klemm, Vice-President and Chief Engineer K. H. Krause, Vice-President, Manufacturing
L. M. Sweeney, Vice-President, Sales G. H. Thomas, Vice-President, Administration
L. W. Petersen, Secretary

H. H. Bloom

MASSEY-HARRIS
CONSOLIDATED
(Canadian, United States

October 31, 1954, (with com

ASSETS

	October 31, 1954	October 31, 1953
CURRENT:		
Cash	$ 15,165,796	$ 18,055,145
Government securities—at cost		3,999,200
Notes and accounts receivable (less provision for possible losses, 1954—$1,472,592; 1953—$1,423,102)—		
Trade, etc. (including balances maturing beyond twelve months, 1954—$3,283,389; 1953—$177,394)	53,953,289	31,271,583
Canadian Government—re defence contracts (1953—Canadian and United States Governments)	407,693	2,329,802
Subsidiary companies	3,283,266	5,540,453
Inventories—as determined and certified by the management and valued at the lower of cost or market	87,133,696	98,902,184
Insurance deposits, prepaid expenses, etc.	1,603,126	1,725,214
	$161,347,166	$161,823,381
INVESTMENTS:		
Shares in and advances to subsidiary companies outside the United States and the United Kingdom and investment in New Zealand branch (not consolidated) at values which in the aggregate are less than cost (Note 3)	$ 5,562,577	$ 5,629,466
Shares in other companies—at cost less amounts written off	$ 1,318,350	$ 1,318,350
FIXED:		
Land, buildings and equipment, at cost	$ 61,523,335	$ 58,049,198
Less accumulated depreciation	30,809,707	28,348,797
	$ 30,713,628	$ 29,700,401
PATENTS	$ 1	$ 1

On behalf of the Board,

J. S. DUNCAN, Director

E. P. TAYLOR, Director

$198,941,822 $198,471,199

H. H. Bloom

FERGUSON LIMITED

BALANCE SHEET

and United Kingdom companies)

parative figures at October 31, 1953)

LIABILITIES AND SHAREHOLDERS' EQUITY

	October 31, 1954	October 31, 1953
CURRENT:		
Accounts payable and accrued charges	$ 16,635,750	$ 18,370,072
United States Government (re defence contracts)	1,533,638	
Income, sales and other taxes payable including certain United Kingdom income taxes not due until January 1, 1955 (less United Kingdom tax reserve certificates 1954—$1,375,000; 1953—$1,325,000)	10,600,813	11,670,026
Dividend payable December 15	1,425,072	1,425,067
Advance payments from customers	1,170,059	203,235
Funded debt instalments maturing within one year	1,886,731	3,240,434
	$ 36,302,098	$ 34,911,834
DEFERRED:		
Deferred income on sales to subsidiaries and dealers	$ 2,092,971	$ 2,402,077
Unearned finance charges on customers' notes	615,179	143,729
Provision for future pension payments	3,501,552	3,390,471
	$ 6,209,702	$ 5,936,277
RESERVES:		
For inventories	$ 16,683,491	$ 16,683,491
For contingencies	5,569,586	5,569,586
	$ 22,253,077	$ 22,253,077
FUNDED DEBT:		
Bonds, debentures and promissory notes of Canadian, United States and United Kingdom companies (Note 4)	$ 49,106,731	$ 53,145,434
Less principal instalments maturing within one year, included under current liabilities	1,886,731	3,240,434
	$ 47,220,000	$ 49,905,000
CAPITAL AND UNAPPROPRIATED EARNINGS:		
Capital—		
Authorized—12,500,000 common shares without nominal or par value		
Issued—9,500,855 shares	$ 31,846,989	$ 31,846,989
Capital surplus	1,785,973	1,785,973
Unappropriated earnings retained for use in the business (Note 5)	53,323,983	51,823,449
	$ 86,956,945	$ 85,462,411
(See accompanying notes to financial statements)	$198,941,822	$198,471,599

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H. H. Bloom

CANADIAN DIVISION

MASSEY-HARRIS-FERGUSON LIMITED • HEAD OFFICE: TORONTO, ONTARIO

FACTORIES

Toronto Works, Toronto, Ont.	1,904,028 sq. ft.	"M" Foundry, Brantford, Ont.	150,866 sq. ft.
Market St. Works, Brantford, Ont.	554,257 sq. ft.	Verity Works, Brantford, Ont.	511,754 sq. ft.
		Woodstock Works, Woodstock, Ont.	304,800 sq. ft.

SALES BRANCHES

Toronto, Ont. London, Ont. *Ottawa, Ont. Montreal, Que. *Quebec, Que. Moncton, N.B.
Winnipeg, Man. *Brandon, Man. Regina, Sask. Saskatoon, Sask. Yorkton, Sask.
*Swift Current, Sask. Calgary, Alta. Edmonton, Alta. *Lethbridge, Alta. Vancouver, B.C.
*SUB BRANCHES

F. F. BARBER MACHINERY DIVISION

Toronto, Ont. • Windsor, Ont. • Hamilton, Ont. • Montreal, Que. • Vancouver, B.C.

UNITED STATES DIVISION

MASSEY-HARRIS-FERGUSON INC. • HEAD OFFICE: RACINE, WISCONSIN

FACTORIES

Racine, Wisconsin	1,437,589 sq. ft.	Detroit, Michigan	215,520 sq. ft.
Batavia, New York	918,962 sq. ft.	Fowler, California	57,007 sq. ft.

SALES BRANCHES

Racine, Wis. Omaha, Neb. Stockton, Calif. Fargo, N.D. *Wichita, Kan. Baltimore, Md. Atlanta, Ga.
*Los Angeles, Calif. Des Moines, Iowa Oklahoma City, Okla. *Amarillo, Texas Indianapolis, Ind.
Batavia, N.Y. Memphis, Tenn. Kansas City, Kan. Portland, Ore. Springfield, Ill.
Minneapolis, Minn. Denver, Colorado Columbus, Ohio Dallas, Texas Pocatello, Idaho
*Spokane, Washington. *Lansing, Mich. *Billings, Montana.
*SUB BRANCHES

WESTERN HEMISPHERE EXPORT DIVISION

MASSEY-HARRIS-FERGUSON LIMITED • HEAD OFFICE: TORONTO, ONTARIO

ARGENTINA

COMPANIA MASSEY-HARRIS, S.R.L. • HEAD OFFICE, BUENOS AIRES, ARGENTINA
SALES BRANCHES: Buenos Aires • Rosario • Bahia Blanca.

URUGUAY

COMPANIA MASSEY-HARRIS LIMITADA • HEAD OFFICE AND SALES BRANCH, MONTEVIDEO, URUGUAY

BRAZIL

MAQUINAS MASSEY-HARRIS LIMITADA • HEAD OFFICE AND SALES BRANCH, PORTO ALEGRE, BRAZIL

H. H. Bloom

EASTERN HEMISPHERE DIVISION

UNITED KINGDOM

MASSEY-HARRIS-FERGUSON (EXPORT) LIMITED • LONDON
MASSEY-HARRIS-FERGUSON (MANUFACTURING) LIMITED • MANCHESTER
MASSEY-HARRIS-FERGUSON (SALES) LIMITED • COVENTRY
MASSEY-HARRIS-FERGUSON (ENGINEERING) LIMITED • COVENTRY

FACTORIES: Manchester, England 337,034 sq. ft. Kilmarnock, Scotland 689,680 sq. ft.
SALES BRANCHES: Manchester • London

FRANCE

CIE. MASSEY-HARRIS-FERGUSON S.A. • MARQUETTE, FRANCE
FACTORY: Marquette, France 670,247 sq. ft.
SALES BRANCHES: Paris Marquette Bordeaux Nantes Lyon Toulouse *Arras *Juvisy Bourges and *Nancy, France Oran, Algeria.
*SUB BRANCHES

DENMARK

MASSEY-HARRIS-FERGUSON EXPORT A/S. • COPENHAGEN

GERMANY

MASSEY-HARRIS-FERGUSON GMBH • WESTHOVEN
FACTORIES: Westhoven 85,319 sq. ft. Eschwege 75,518 sq. ft.

AFRICA

MASSEY-HARRIS COMPANY (SOUTH AFRICA) (PTY.) LIMITED • DURBAN, S.A.
SALES BRANCHES: Durban • Johannesburg • Bethlehem • East London and Cape Town, South Africa • Lusaka, Northern Rhodesia • Salisbury, Southern Rhodesia • Nakuru, Kenya: Farm Implement Distributors, Limited, Vereeniging, South Africa.

Farm Implement Distributors is a wholly owned subsidiary of Massey-Harris Company (South Africa) (Pty.) Limited.
A controlling stock interest is held in South African Farm Implement Manufacturers, Limited, "Safim," Vereeniging, by Massey-Harris (South Africa) (Pty.) Limited, which acts as a distributor of "Safim" products in Africa and sole distributor to all other countries.

HARRY FERGUSON OF SOUTH AFRICA LIMITED • LONDON, ENGLAND

NEW ZEALAND

MASSEY-HARRIS-FERGUSON LIMITED • CHRISTCHURCH
SALES BRANCHES: Christchurch • Palmerston • Auckland and Dunedin.

AUSTRALIA

Massey-Harris-Ferguson Limited, has a substantial stock interest in H. V. McKay Massey Harris Proprietary, Limited, Sunshine, Melbourne. This Company manufactures and markets an extensive line of farm implements and acts as distributor in Australia of Massey-Harris tractors, combines and implements.

HARRY FERGUSON OF AUSTRALIA LIMITED • LONDON, ENGLAND

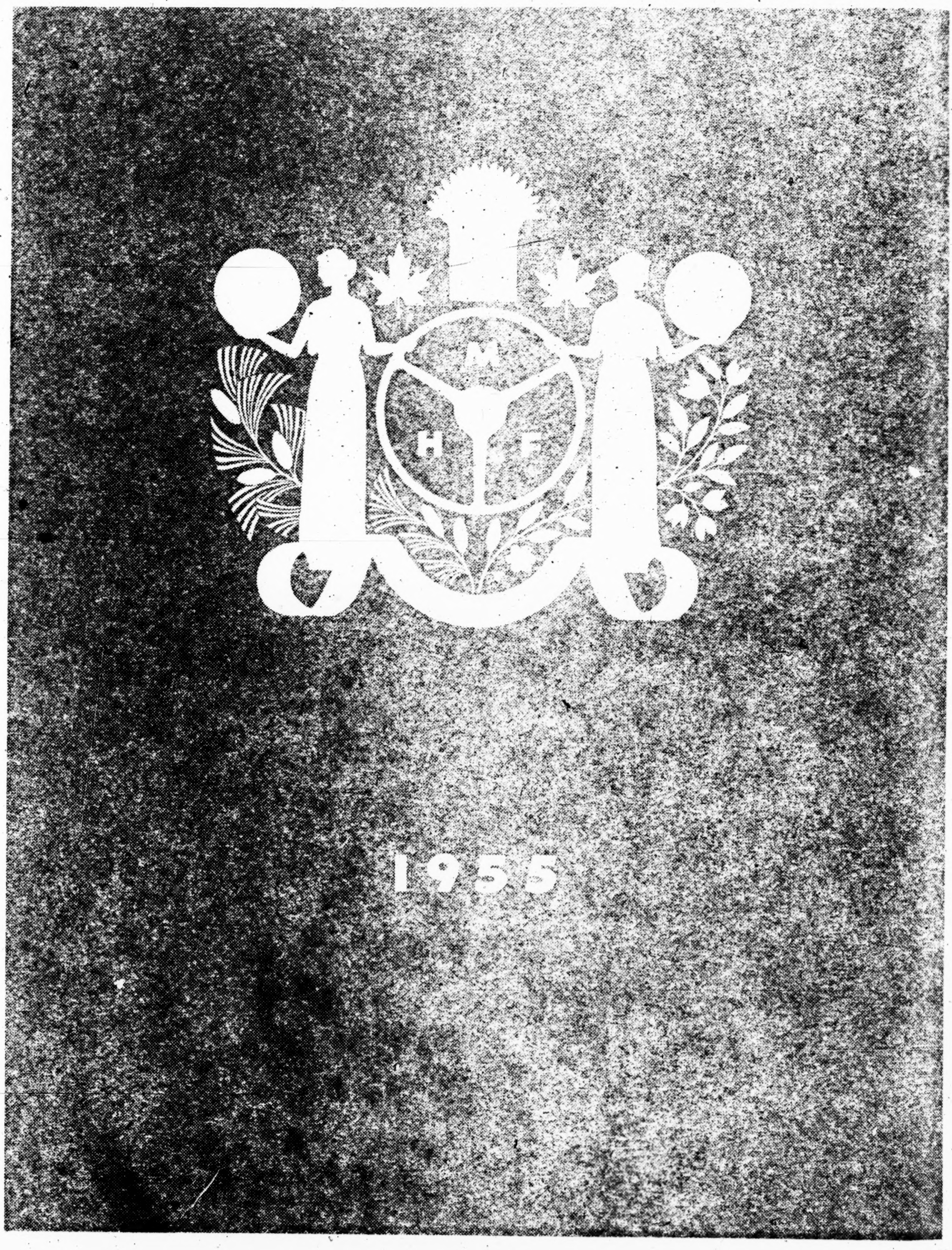
INDIA

MASSEY-HARRIS-FERGUSON (INDIA) LIMITED • LONDON, ENGLAND

MASSEY-HARRIS-FERGUSON LIMITED

FACTORIES, BRANCHES AND DISTRIBUTING ORGANIZATION

H. H. Bloom



H. H. Bloom

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MASSEY-HARRIS

CONSOLIDATED

(Canadian, United States

OCTOBER 31, 1955 (with com

ASSETS

	October 31, 1955	October 31, 1954
CURRENT:		
Cash	$ 13,349,530	$ 15,165,796
Government securities—at cost (approximate market)	1,756,238	
Notes and accounts receivable (less provision for possible losses: 1955—$4,526,082; 1954—$4,472,692)—		
Trade, etc. (including balances maturing beyond twelve months: 1955—$1,990,876; 1954—$2,283,359)	59,358,802	53,853,289
Canadian and United States Governments—re defence contracts (1954—Canadian Government only)	1,509,253	407,693
Subsidiary companies	9,054,492	3,283,266
Inventories—as determined and certified by the management and valued at the lower of cost or market	96,517,237	87,133,696
Insurance deposits, prepaid expenses, etc.	1,446,551	1,503,426
	$182,392,103	$161,347,166
INVESTMENTS:		
Shares in and advances to subsidiary companies outside the United States and the United Kingdom and investment in New Zealand branch (not consolidated) at values which in the aggregate are less than cost (Note 3)	$ 8,092,481	$ 5,562,677
Shares in other companies—		
H. V. McKay Massey Harris Proprietary Limited (Australia)—at cost less amounts written off (Note 3)		1,318,350
Other—at cost	733,166	
	$ 8,825,647	$ 6,881,027
FIXED:		
Land, buildings and equipment, at cost (Note 4)	$ 69,299,501	$ 61,523,335
Less accumulated depreciation and amortization	35,329,863	30,809,707
	$ 33,969,638	$ 30,713,628
PATENTS	$ 1	$ 1

On behalf of the Board:

J. S. DUNCAN, Director

E. P. TAYLOR, Director

$225,787,389 $198,941,822

H. H. Bloom

FERGUSON LIMITED

BALANCE SHEET

nd United Kingdom companies)

arative figures at October 31, 1954)

LIABILITIES AND SHAREHOLDERS' EQUITY

	October 31, 1955	October 31, 1954
CURRENT:		
Accounts payable and accrued charges	$ 19,217,894	$ 16,685,750
United States Government — re defence contracts		4,533,638
Income, sales and other taxes payable including certain United Kingdom income taxes not due until January 1, 1957 (less, in both years, United Kingdom tax reserve certificates — $1,375,000)	14,402,752	10,600,848
Dividends payable	1,707,010	1,425,072
Advance payments from customers	2,061,126	1,170,059
Funded debt instalments maturing within one year	1,850,000	1,886,731
Retirement fund for redemption of preferred shares	248,170	
	$ 39,486,952	$ 36,302,098
DEFERRED:		
Deferred income on sales to subsidiaries and dealers	$ 2,302,573	$ 2,092,971
Unearned finance charges on customers' notes	988,512	615,179
Provision for future pension payments	3,712,316	3,501,552
	$ 7,003,401	$ 6,209,702
RESERVES:		
For inventories (Note 1)	$ 16,858,491	$ 16,683,491
For contingencies	5,569,586	5,569,586
	$ 22,428,077	$ 22,253,077
FUNDED DEBT:		
Bonds, debentures and promissory notes of Canadian, United States and United Kingdom companies (Note 5)	$ 46,786,287	$ 49,106,731
Less principal instalments maturing within one year, included under current liabilities	1,850,000	1,886,731
	$ 44,936,287	$ 47,220,000
CAPITAL AND UNAPPROPRIATED EARNINGS:		
Preferred shares, par value $100 each—		
Authorized—500,000 shares issuable in series (of which 1,830 shares have been converted into common shares)		
Outstanding—248,170 4½% cumulative convertible preferred shares—redeemable at $104.50	$ 24,817,000	
Less retirement fund, included under current liabilities	248,170	
	$ 24,568,830	
Common shares without nominal or par value—		
Authorized—12,500,000 shares (Note 6)		
Outstanding—9,519,155 shares (1954—9,500,855 shares)	32,029,989	$ 31,846,989
Capital surplus (Note 1)	1,963,336	1,785,973
Unappropriated earnings retained for use in the business (Note 7)	53,370,517	53,323,983
	$111,932,672	$ 86,956,945
(See accompanying notes to financial statements)	$225,787,389	$198,941,822

H. H. Bloom

MASSEY-HARRIS-FERGUSON LIMITED

CANADIAN DIVISION

MASSEY HARRIS FERGUSON LIMITED
TORONTO ONTARIO

FACTORIES
Toronto Works, Toronto, Ont.
Market St. Works, Brantford, Ont.
"M" Foundry, Brantford, Ont.
Verity Works, Brantford, Ont.
Wood Stock Works, Woodstock, Ont.

SALES BRANCHES
Toronto, Ont.
London, Ont.
*Ottawa, Ont.
Montreal, Que.
*Quebec, Que.

*Sub Branches

M. F. SARGENT MACHINERY LIMITED
Toronto, Ont.
Vancouver, B.C.

SUNSHINE HARVESTER WORKS
MELBOURNE, AUSTRALIA

FACTORY
Wallace, Ont.

UNITED STATES DIVISION

MASSEY HARRIS FERGUSON INC.
RACINE, WISCONSIN

FACTORIES
Racine, Wisconsin
Batavia, New York
Detroit, Michigan
Kansas City, Missouri
Beatrice, Nebraska
Omaha, Nebraska
Minneapolis, Minnesota
Portland, Oregon
Stockton, California
Parkersburg, West Virginia

SALES BRANCHES
Baltimore, Md.
Albany, New York
Atlanta, Georgia
Boston, Mass.
Buffalo, New York
Chicago, Illinois
Cleveland, Ohio
Dallas, Texas
Des Moines, Iowa
Detroit, Michigan
Harrisburg, Pa.
Indianapolis, Indiana
Jackson, Miss.
Kansas City, Missouri
Los Angeles, California
Minneapolis, Minnesota
Omaha, Nebraska
Portland, Oregon
Richmond, Virginia
Salt Lake City, Utah
San Francisco, California
Seattle, Washington
Spokane, Washington
St. Louis, Missouri

WESTERN HEMISPHERE EXPORT DIVISION

MASSEY HARRIS FERGUSON LIMITED
TORONTO ONTARIO

SUBSIDIARIES

COMPANIA MASSEY HARRIS ARGENTINA
BUENOS AIRES ARGENTINA

COMPANIA MASSEY HARRIS DEL URUGUAY
MONTEVIDEO URUGUAY

AUSTRALIAN DIVISION

H. V. McKAY MASSEY HARRIS PTY. LTD.
SUNSHINE AUSTRALIA

H. V. McKAY MASSEY HARRIS PROPRIETARY LIMITED
SUNSHINE AUSTRALIA

FACTORY
Sunshine Works

SALES BRANCHES
Sunshine, Victoria, Camberwell, Victoria, North Melbourne, Victoria, Adelaide, South Australia, Perth, Western Australia

H. V. McKAY MASSEY HARRIS (QUEENSLAND) PROPRIETARY LIMITED
BRISBANE, AUSTRALIA

EASTERN HEMISPHERE DIVISION

MASSEY HARRIS FERGUSON LIMITED
BRANTFORD, ONTARIO

MASSEY-HARRIS FERGUSON (EXPORT) LIMITED
LONDON, ENGLAND

MASSEY HARRIS FERGUSON (GREAT BRITAIN) LIMITED
MANCHESTER, ENGLAND

MASSEY HARRIS FERGUSON (SALES) LIMITED
DARLASTON, ENGLAND

MASSEY HARRIS FERGUSON (FERGUSON) LIMITED
COVENTRY, ENGLAND

MASSEY HARRIS FERGUSON (NEW ZEALAND) LIMITED
CHRISTCHURCH, NEW ZEALAND

SALES BRANCHES
Christchurch, Palmerston North, Auckland, Wellington

MASSEY HARRIS FERGUSON (AUSTRALIA) LIMITED
SUNSHINE, AUSTRALIA

MASSEY HARRIS FERGUSON (IRELAND) LIMITED
RANELAGH, DUBLIN